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CHARLESTON, SC 29403

PO DRAWER 22247
CHARLESTON, SC 29413-2247

PHONE: 843.727.2200
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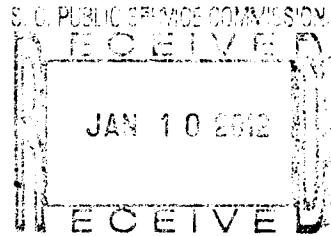
WWW.P-TW.COM

E-MAIL: gtw@p-tw.com
DIRECT DIAL: 843.727.2208
DIRECT FAX: 843.727.2231

January 6, 2012

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211



Re: Daufuskie Island Utility Company, Inc.
Docket No. 2011-229-WS
Our File No.: 7640.001

Dear Ms. Boyd:

This firm represents Daufuskie Island Company Utility, Inc. Please find enclosed the original and two copies of the Rate Application of DICU seeking an adjustment of the rates for its water and sewer services in accordance with S.C. Reg. §§103-512.4 and 103-712.4.

We look forward to working with the PSC and ORS in this proceeding. With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.

G. Trenholm Walker

Enclosures (As Stated)

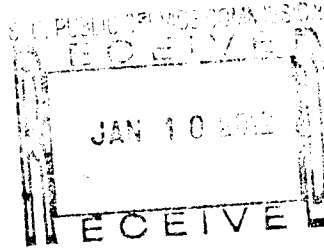
GTW/njdm

c: F. David Butler, Esq.
Jeffrey M. Nelson, Esq.
Shannon Boyer Hudson, Esq.
John F. Guastella

E. DOUGLAS PRATT-THOMAS
G. TRENHOLM WALKER
W. ANDREW GOWDER, JR.
JON L. AUSTEN
LINDSAY K. SMITH-YANCEY (SC, NC)
THOMAS H. HESSE (SC, GA)
IAN W. FREEMAN (SC, CA)
DANIEL S. McQUEENEY, JR.
KATHLEEN FOWLER MONOC

234444

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO.: 2011-229-WS



**APPLICATION OF DAUFUSKIE ISLAND UTILITY COMPANY, INC.
FOR APPROVAL OF AN ADJUSTMENT IN RATES AND CHARGES
FOR WATER AND SEWER SERVICES**

In accordance with S.C. Code Sections 58-5-210 et seq., R. 103-514.4, R. 103-712.4, and R. 103-834, the Applicant, Daufuskie Island Utility Company, Inc., requests adjustment of its rates and charges for water and sewer services, and submits the following information and Exhibits in support of its Application.

January 6, 2012

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2	Statement of Proposed Rates
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OVERVIEW AND JUSTIFICATION

The Daufuskie Island Utility Company, Inc. ("DIUC" or "Company") formerly known as the Haig Point Utility Company, Inc. was established to provide water and sewer utility service to the 1,050 acre planned development known as Haig Point, and the Cedar Cove Subdivision consisting of 18 single family residential lots, located on Daufuskie Island in Beaufort County, South Carolina.

In March of 2010, DIUC acquired the Melrose Utility Company ("MUC") also located on Daufuskie Island in Beaufort County, South Carolina. MUC was established to provide water and sewer service to the planned developments known as Melrose and Bloody Point consisting of approximately 470 residential lots and 60 commercial lots.

This application for approval of new rates and charges is based on the historical test year ended June 30, 2011. The test year is representative of the Company's consolidated Haig Point and Melrose normal utilities operation which is currently producing insufficient annual income. The pro forma rate period is based on the projected operations for the twelve months ending June 30, 2012 adjusted for known and measureable changes.

This application is necessary because the current rates do not enable the Company to cover its cost of providing service and earn a fair return on its investment. The Company has not applied for rate relief since 2005 and has never applied to establish unified rates under its current consolidated status. The test year revenues, under current rates, produced net operating income of \$12,492 for the water operations or a .39% return on its investment. The sewer operations experienced net operating income of \$62,755 or a 1.98% return on its investment. As this application demonstrates, the pro forma rate year under the current rates, would produce even less income and result in a negative .46% return for water and a .35% return for sewer. The proposed rates developed in this application are essential for the Daufuskie Island Utility Company to continue to provide its customers with adequate water and wastewater service.

The proposed rate design would eliminate the current water and sewer usage allowances that currently exist under the Melrose tariff and apply volumetric rates to all water and sewer usage by all customers, as it currently applies under the DIUC tariff. The proposed irrigation rates would also apply inclining block rates, as it currently applies under the DIUC tariff, to all irrigation customers. The tiered rate structure is designed to promote water conservation. The proposed rates would establish uniform rates for all of the DIUC customers. The proposed rates result in very similar increases

of the annual water and sewer charges for both the Haig Point and Melrose service area customers.

Statement of Proposed Rates

		Haig Pt. Present Rates	Melrose Present Rates	DIUC Proposed Rates
I. Residential Rates				
A.	<u>Water:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$58.50	\$106.05
3)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.00	\$0.00	\$3.14
	Over 22,500 gallons	\$2.00	\$1.77	\$3.14
B.	<u>Sewer:</u>			
1)	Tapping Fees & Service Lateral	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$80.00	\$58.50	\$148.01
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$0.96	\$0.00	\$1.84
	Over 22,500 gallons	\$0.96	\$1.41	\$1.84
C.	<u>Irrigation:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.00	\$1.20	\$3.46
	18,001 to 60,000 gallons	\$2.24	\$1.20	\$4.08
	Over 60,000 gallons	\$2.54	\$1.20	\$4.71
II. Commercial Rates				
A.	<u>Water:</u>			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees up to 1-1/2" Meter	\$500.00	\$500.00	\$500.00
3)	Tapping Fees 2" or 3" Meter	\$1,500.00	\$1,500.00	\$1,500.00
4)	Tapping Fees for 6" Meter	\$3,500.00	\$3,500.00	\$3,500.00
	Note: Larger meters on a case by case basis.			
5)	Base Quarterly Charge	\$63.00	\$99.00	\$148.48
6)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.00	\$0.00	\$3.14
	Over 22,500 gallons	\$2.00	\$1.41	\$3.14
B.	<u>Sewer:</u>			
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees 4" - 8" Sewer Pipe	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$129.16	\$99.00	\$207.22
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$0.96	\$0.00	\$1.84
	Over 22,500 gallons	\$0.96	\$1.41	\$1.84
C.	<u>Irrigation:</u>			
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.00	\$1.20	\$3.46
	18,001 to 60,000 gallons	\$2.24	\$1.20	\$4.08
	Over 60,000 gallons	\$2.54	\$1.20	\$4.71

Send Payment to:

Daufuskie Island Utility Co.
c/o Guastella Associates
6 Beacon St, Suite 200
Boston, MA 02108
888-635-7878

Acct#

Billed: 01/01/12

Ralph G. Miles
71 Billington Lane
Brewster MA 02631

Svc:01/01-03/31/12 (90 days)

Last Pmt \$62.50 11/04/11

1155 Haig Point Road

Please detach and return with your remittance

After 01/27/12 pay 63.44

62.50 is due by 01/27/12

Previous Balance: 0.00

Availability Fee

62.50

TOTAL NEW CHARGES

62.50

62.50 is due by 01/27/12

After 01/27/12 pay 63.44

This invoice represents an "Availability Fee" that charges customers for the "availability" to tap-in water and sewer lines on Daufuskie Island, South Carolina. This fee was defined and identified in the contract and disclosure documents you received when you purchased your Haig Point property. Daufuskie Island Utility is under the jurisdiction of the South Carolina Public Service Commission ("PSC"). Charges are based on a rate schedule filed and approved by the PSC and available for your inspection upon request. If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Services Division at 803-737-5231 or within S.C. at 800-922-1531.

If a previous payment was received after the invoice date ("bill date") shown on this bill, the payment is not reflected on this invoice. However, the payment is reflected in our billing system and you should disregard the previous balance displayed. In addition, a Late Payment Charge of 1 ½ % will be added to any unpaid balance not paid before the Late Date shown.

Send Payment to:

Daufuskie Island Utility Co.
c/o Guastella Associates
6 Beacon St, Suite 200
Boston, MA 02108
888-635-7878

Acct#

Billed: 12/31/11

Robert E. Davies
25 River Marsh Run
Daufuskie Isl SC 29915

Svc:10/01-12/31/11 (91 days)

Last Pmt \$154.40 11/16/11

25 River Marsh Run

Please detach and return with your remittance

After 01/27/12 pay 138.89

136.84 is due by 01/27/12

Previous Balance: 0.00

Water-Reside Used: 3990
Prev: 1119550 Pres: 1123540
Sewer-Residential

53.00

83.84

TOTAL NEW CHARGES

136.84

136.84 is due by 01/27/12

After 01/27/12 pay 138.89

Water charges include a base charge of \$45.00 (residential) and \$63.00 (commercial).

Sewer charges include a base charge of \$80.00 (residential) and \$129.16 (commercial).

Daufuskie Island Utility is under the jurisdiction of the South Carolina Public Service Commission ("PSC"). If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Services Division at 803-737-5231 or within S.C. at 800-922-1531. For questions regarding billing, call 888-635-7878. For emergencies regarding your utilities, call 843-686-9249 (normal business hours) or 843-247-3135 (other times). Charges are based on a rate schedule filed and approved by the PSC and available for your inspection upon request.

If a previous payment was received after the invoice date ("bill date") shown on this bill, the payment is not reflected on this invoice. However, the payment is reflected in our billing system and you should disregard the previous balance displayed. In addition, a Late Payment Charge of 1 ½ % will be added to any unpaid balance not paid before the Late Date shown.

Send Payment to:

Melrose Utility Company
c/o Guastella Associates
6 Beacon St, Suite 200
Boston, MA 02108
888-635-7878

Acct#

Billed: 01/01/12

Lullwater Partners, LP
John S. Douglas MD
916 Lullwater Rd. MD
Atlanta GA 30307

Svc:10/01-12/31/11 (91 days)

Last Pmt \$118.76 11/28/11

Lot 4 Martinangel

Please detach and return with your remittance

After 01/27/12 pay 116.97

115.24 is due by 01/27/12

Previous CREDIT Balance: -1.76

Water/Sewer Availability

117.00

TOTAL NEW CHARGES

117.00

115.24 is due by 01/27/12

After 01/27/12 pay 116.97

This invoice represents an "Availability Fee" that charges customers for the "availability" to tap-in water and sewer lines on Daufuskie Island, South Carolina. This fee was defined and identified in the contract and disclosure documents you received when you purchased your Daufuskie Island property. Melrose Utility is under the jurisdiction of the South Carolina Public Service Commission ("PSC"). Charges are based on a rate schedule filed and approved by the PSC and available for your inspection upon request. If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Services Division at 803-737-5231 or within S.C. at 800-922-1531.

If a previous payment was received after the invoice date ("bill date") shown on this bill, the payment is not reflected on this invoice. However, the payment is reflected in our billing system and you should disregard the previous balance displayed. In addition, a Late Payment Charge of 1 ½ % will be added to any unpaid balance not paid before the Late Date shown.

Send Payment to:

Melrose-Bloody Point
c/o Guastella Associates
6 Beacon St, Suite 200
Boston, MA 02108
888-635-7878

Acct#

Billed: 12/31/11

Svc:10/01-12/31/11 (91 days)

Robert & Judith Webb
270 Quiet Water Lane
Atlanta GA 30350

Last Pmt \$409.56 11/16/11

61 Fuskie Lane

Please detach and return with your remittance

After 01/27/12 pay 151.03

148.80 is due by 01/27/12

Previous Balance: 0.00

Water-Reside Used: 32180
Prev: 1369370 Pres: 1401550

76.20

Sewer-Residence

72.60

TOTAL NEW CHARGES

148.80

148.80 is due by 01/27/12

After 01/27/12 pay 151.03

Water charges include a base charge of \$58.50 (residential) and \$99.00 (commercial).

Sewer charges include a base charge of \$58.50 (residential) and \$99.00 (commercial).

Melrose Utility is under the jurisdiction of the South Carolina Public Service Commission ("PSC"). If you are not satisfied with the Utility's response to an inquiry you can contact the Office of Regulatory Staff's Consumer Services Division at 803-737-5231 or within S.C. at 800-922-1531. For questions regarding billing, call 888-635-7878. For emergencies regarding your utilities, call 843-686-9249 (normal business hours) or 843-247-3135 (other times). Charges are based on a rate schedule filed and approved by the PSC and available for your inspection upon request.

If a previous payment was received after the invoice date ("bill date") shown on this bill, the payment is not reflected on this invoice. However, the payment is reflected in our billing system and you should disregard the previous balance displayed. In addition, a Late Payment Charge of 1 ½ % will be added to any unpaid balance not paid before the Late Date shown.

PERFORMANCE BOND
FINANCIAL STATEMENT
(WATER UTILITIES)

Bond No:

KNOW ALL MEN BY THESE PRESENTS, that Daufuskie Island Utility Company, Inc.

being duly qualified to do business in the State of South Carolina, designated as "principal", and that The Hanover Insurance Company, designated as "surety"/"sureties" is/are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of \$, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, and the surety/sureties bind themselves, their personal representatives, and their assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S. C. Code Ann., §58-5-720 (1976, as amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and Necessity and approved a schedule of rates for water service in areas shown on operating maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to cover any and all liability which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in §58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a water utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties, as shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal and surety/sureties to be heard, may order that the face amount of this bond to be changed within the limits set forth in S. C. Code Ann., §58-5-720 (1976 as amended).

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this 14th day of February, 2011; and that said surety/sureties have caused this instrument to be signed this 14th day of February, 2011.

SURETY/SURETIES:

The Hanover Insurance Company

Joyce M Connor
Signature Joyce M Connor, Attorney-in-Fact

Danfuskie Island Utility Company, Inc.
Company

IN THE PRESENCE OF:

Raimona Neal
Witness # 1 Raimona Neal

Tammy Forrester
Witness # 2 Tammy Forrester

Terry A Lee
By
Manager/member
Title

IN THE PRESENCE OF

[Signature]
Signature
Swendhya D Cook
Witness # 1

Lisa Humbert
Witness # 2

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

POWERS OF ATTORNEY
CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That THE HANOVER INSURANCE COMPANY and MASSACHUSETTS BAY INSURANCE COMPANY, both being corporations organized and existing under the laws of the State of New Hampshire, and CITIZENS INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of Michigan, do hereby constitute and appoint
S Danny Sellers, Joyce M Connor, and/or Richmond Lanier Mitchell

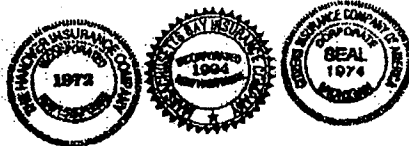
of Duluth, GA and each is a true and lawful Attorney(s)-in-fact to sign, execute, seal, acknowledge and deliver for, and on its behalf, and as its act and deed any place within the United States, or, if the following line be filled in, only within the area therein designated

any and all bonds, recognizances, undertakings, contracts of indemnity or other writings obligatory in the nature thereof, as follows:
Any such obligations in the United States, not to exceed Ten Million and No/100 (\$10,000,000.00) in any single instance

and said companies hereby ratify and confirm all and whatsoever said Attorney(s)-in-fact may lawfully do in the premises by virtue of these presents. These appointments are made under and by authority of the following Resolution passed by the Board of Directors of said Companies which resolutions are still in effect:

"RESOLVED, That the President or any Vice President, in conjunction with any Assistant Vice President, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 - Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

IN WITNESS WHEREOF, THE HANOVER INSURANCE COMPANY, MASSACHUSETTS BAY INSURANCE COMPANY and CITIZENS INSURANCE COMPANY OF AMERICA have caused these presents to be sealed with their respective corporate seals, duly attested by a Vice President and an Assistant Vice President, this 14th day of June, 2010.



THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Mary Jeanne Anderson, Vice President

Robert K. Grennan, Assistant Vice President

THE COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF WORCESTER) ss.

On this 13th day of June, 2010., before me came the above named Vice President and Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, to me personally known to be the individuals and officers described herein, and acknowledged that the seals affixed to the preceding instrument are the corporate seals of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, respectively, and that the said corporate seals and their signatures as officers were duly affixed and subscribed to said instrument by the authority and direction of said Corporations.



Notary Public

My commission expires on November 3, 2011

I, the undersigned Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, hereby certify that the above and foregoing is a full, true and correct copy of the Original Power of Attorney issued by said Companies, and do hereby further certify that the said Powers of Attorney are still in force and effect.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America.

"RESOLVED, That any and all Powers of Attorney and Certified Copies of such Powers of Attorney and certification in respect thereto, granted and executed by the President or any Vice President in conjunction with any Assistant Vice President of the Company, shall be binding on the Company to the same extent as if all signatures therein were manually affixed, even though one or more of any such signatures thereon may be facsimile." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

GIVEN under my hand and the seals of said Companies, at Worcester, Massachusetts, this day of , 20

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Stephen L. Braull, Assistant Vice President

PERFORMANCE BOND
FINANCIAL STATEMENT
(SEWER UTILITIES)

Bond No:

KNOW ALL MEN BY THESE PRESENTS, that Daufuskie Island Utility Company, Inc.

being duly qualified to do business in the State of South Carolina, designated as "principal", and that
The Hanover Insurance Company, **designated as "surety"/"sureties" is/are held and firmly**
bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal
sum of _____, **for the payment of which well and truly to be made, the principal binds itself,**
its successors and assigns, and the surety/sureties bind themselves, their personal representatives, and
their assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S. C. Code Ann., §58-5-720 (1976, as
amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of
the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and
Necessity and approved a schedule of rates for sewer service in areas shown on operating maps filed
with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to
cover any and all liability which may arise as a result of the principal failing to provide adequate and
sufficient service within its service area as prescribed in §58-5-720, and

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a sewer utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties, as shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

Page 3

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this 14th day of February, 2011; and that said surety/sureties have caused this instrument to be signed this 14th day of February, 2011.

Signature Joyce M Connor, Attorney-in-Fact

Company

Raimona Neal
Witness # 1 Raimona Neal

Witness # 1 Raimona Neal

Tammy Forrester
Witness # 2 Tammy Forrester

Witness # 2 Tammy Forrester

Terry A Lee
By

By

Manager / member
Title

Title

Signature

Witness # 1

Witness # 2

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

POWERS OF ATTORNEY
CERTIFIED COPY

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S Danny Sellers, Joyce M Connor, and/or Richmond Lanier Mitchell

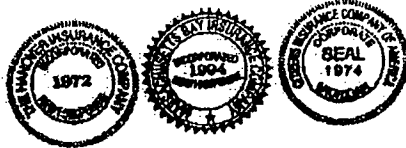
of Duluth, GA and each is a true and lawful Attorney(s)-in-fact to sign, execute, seal, acknowledge and deliver for, and on its behalf, and as its act and deed any place within the United States, or, if the following line be filled in, only within the area therein designated

any and all bonds, recognizances, undertakings, contracts of indemnity or other writings obligatory in the nature thereof, as follows:
Any such obligations in the United States, not to exceed Ten Million and No/100 (\$10,000,000.00) In any single instance

and said companies hereby ratify and confirm all and whatsoever said Attorney(s)-in-fact may lawfully do in the premises by virtue of these presents. These appointments are made under and by authority of the following Resolution passed by the Board of Directors of said Companies which resolutions are still in effect:

"RESOLVED, That the President or any Vice President, in conjunction with any Assistant Vice President, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity, waivers of citation and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 - Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

IN WITNESS WHEREOF, THE HANOVER INSURANCE COMPANY, MASSACHUSETTS BAY INSURANCE COMPANY and CITIZENS INSURANCE COMPANY OF AMERICA have caused these presents to be sealed with their respective corporate seals, duly attested by a Vice President and an Assistant Vice President, this 14th day of June, 2010.



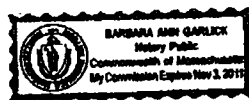
THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Mary Jeanne Anderson, Vice President

Robert K. Grennan, Assistant Vice President

THE COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF WORCESTER) ss.

On this 13th day of June, 2010., before me came the above named Vice President and Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, to me personally known to be the individuals and officers described herein, and acknowledged that the seals affixed to the preceding instrument are the corporate seals of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, respectively, and that the said corporate seals and their signatures as officers were duly affixed and subscribed to said instrument by the authority and direction of said Corporations.



Barbara A. Garlick
Notary Public

My commission expires on November 3, 2011

I, the undersigned Assistant Vice President of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America, hereby certify that the above and foregoing is a full, true and correct copy of the Original Power of Attorney issued by said Companies, and do hereby further certify that the said Powers of Attorney are still in force and effect.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of The Hanover Insurance Company, Massachusetts Bay Insurance Company and Citizens Insurance Company of America.

"RESOLVED, That any and all Powers of Attorney and Certified Copies of such Powers of Attorney and certification in respect thereto, granted and executed by the President or any Vice President in conjunction with any Assistant Vice President of the Company, shall be binding on the Company to the same extent as if all signatures therein were manually affixed, even though one or more of any such signatures thereon may be facsimile." (Adopted October 7, 1981 - The Hanover Insurance Company; Adopted April 14, 1982 Massachusetts Bay Insurance Company; Adopted September 7, 2001 - Citizens Insurance Company of America)

GIVEN under my hand and the seals of said Companies, at Worcester, Massachusetts, this day of , 20

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
CITIZENS INSURANCE COMPANY OF AMERICA

Stephen L. Brault, Assistant Vice President



C. Earl Hunter, Commissioner

Promoting and protecting the health of the public and the environment

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

91 7108 2133 3934 4663 4919

August 4, 2010

Eric Johanson
Haig Point Melrose WWTP
PO Box 23527
Hilton Head Island, SC 29925

Re: NPDES Permit # ND0062286
Haig Point/Melrose WWTP
Beaufort County

Reg: CEI (Compliance Evaluation Inspection)
June 2, 2010

Dear Mr. Johanson:

Attached are the results of the **Compliance Evaluation Inspection** of your wastewater treatment facility performed by DHEC on June 2, 2010. A review of this report indicates that deficiencies of the State Land Application permit requirements were noted in the **Records and Reports, Flow Measurement, Facility Site Review and Operations and Maintenance** section(s), which resulted in an overall **non-compliance** rating.

Please note; failure to comply with the permit conditions places you in violation of Sections 48-1-90 and 48-1-110 of the Code of Laws of South Carolina. Please respond in writing to this office within **fifteen (15) days** addressing the deficiency. Failure to respond or an inadequate response will provide a basis for enforcement action.

If you have any questions regarding this inspection, please contact me at 803-898-4041 or email to baxlevla@dhec.sc.gov.

Sincerely,

Lori A Baxley
Compliance Manager
Water Pollution Compliance Section
Bureau of Water

Attachment

ec: Regional EQC
Enforcement
cc: File



South Carolina Department of Health and Environmental Control

Compliance Inspection Report
State Land Application Permit # ND0062286

Inspection Type: CEI

Date of Inspection: 06/02/2010

Entry Time: 1030

Exit Time: 1200

Permit Effective Date: 02/01/2010

Permit Expires: 01/31/2020

Name and Location of Facility, (include county):

HAIG POINT/MELROSE WWTP
HILTON HEAD, SC, 29928
Beaufort County

Name, Telephone No. of On-Site Representative(s):

Eric Johanson 843-686-9249

Bill Donaldson 843-686-9249

Name and Address of Responsible Official/Telephone No.:

JOHANSON, ERIC
HAIG POINT MELROSE WWTP
PO BOX 23527, HILTON HEAD ISLAND, SC, 29925
PHONE: 843-686-9249

Areas Evaluated During Inspection

Permit ☒

Flow Measurement ☒

Operation and Maintenance

☒

Records/Reports ☒

Self-Monitoring ☒

Sludge Handling/Disposal

☒

Facility Site Review ☒

Compliance Schedules ☐

Effluent/Receiving Waters ☐

Laboratory ☒

Collection System ☐

Other: ☐

Name of Inspector: Alex C Saunders

Region/District: 08 BEAUFORT EQC

Name of Region Reviewer: Penny Cornett

Date: June 14, 2010

Signature of WPC Reviewer: Lori Baxley

Date: 8/3/2010

Compliance Evaluation Inspection
HAIG POINT/MELROSE WWTP
HILTON HEAD, SC
STATE LAND APPLICATION PERMIT ND0062286

Introduction

On June 2, 2010, personnel from the South Carolina Department of Health and Environmental Control (SCDHEC) conducted a Compliance Evaluation Inspection (CEI) at the Haig Point/Melrose Wastewater Treatment Facility, Daufuskie Island, South Carolina. The inspector Alex Saunders met with the facility representatives, Eric Johanson and Bill Donaldson, to explain the objectives and procedures of the inspection.

The results of the inspection are as follows:

Permit

This facility is authorized to discharge under State Land Application Permit No. ND0062286. Treated wastewater is discharged through outfall 001 to a 27 hole golf course and driving range at Haig Point and a 18 hole golf course and driving range at Melrose.

Permit information regarding the name and location of the land application site is correct. Permit information regarding the number and location of discharge points is correct. Outfall 001 is for discharge of treated effluent to the effluent holding pond and then to the spray areas. Groundwater monitoring is required quarterly on each of the 13 groundwater-monitoring wells on Haig Points 27 hole golf course, 10 groundwater-monitoring wells at the Melrose golf course and 2 groundwater-monitoring wells at the Haig Point/Melrose WWTP. The permit became effective on February 1, 2010 and expires on January 31, 2020.

Rating: Satisfactory.

Records and Reports

Records and reports are not being maintained as required by the State Land Application Permit. All information is not available, complete, current, and maintained for a minimum of three years.

The Discharge Monitoring Reports (DMRs) for January through April of 2010 were requested. DMRs were only current through November 2009. Laboratory records were not readily available for the required period of time. This is due to contract laboratory nonpayment. The facilities lab, GEL, is withholding data due to nonpayment. As delinquent payments are made the laboratory data will be released. Special attention was given to fecal chain of custody reports and holding times. Analytical results are consistent with the data reported on the DMRs reviewed. The latest two quarters of monitoring well data was reviewed. The data from the last quarter of 2009 was not available. Sampling and analysis data is adequate and includes dates, times, locations of sampling as well as methods and techniques, results, and persons performing sampling and analysis. Monitoring records are adequate and include Flow, pH, Dissolved Oxygen, monitoring charts, etc., as required by the permit. Report forms have been developed to provide complete data documentation and permanent records.

An on-site laboratory at the Haig Point Laboratory is certified to analyze and report the following parameters: Dissolved Oxygen and pH. The other parameters are contracted out to GEL SCDHEC Laboratory ID #27553. The Haig Point lab is certified through SCDHEC Lab Certification. The certification expires on July 3, 2012. The facility certification number is 07009. The methods used for the self-monitoring program are approved test procedures as required by Federal Register 40 CFR 136. EPA requirements for sample containers, preservation, and holding times are being met.

Compliance Evaluation Inspection
HAIG POINT/MELROSE WWTP
HILTON HEAD, SC
STATE LAND APPLICATION PERMIT ND0062286

A quality assurance manual is available as is a standard operating procedure manual (SOP). Quality control procedures are used and are adequate. Calibration and maintenance of instruments and equipment are satisfactory. Plant records are adequate and include as-built engineering drawings, up-to-date schedules of equipment maintenance and repairs, and equipment supplies manuals. An Operations and Maintenance manual was available at the time of the inspection. The Operations and Maintenance manual was most recently reviewed and updated in June 2008.

Rating: Unsatisfactory.

Permit No. ND0062286 Part II.L.4

Monitoring results shall be reported at the intervals specified in the permit.
DMRs for December 2009 through April 2010 were not complete.

Permit No. ND0062286 Part III.C

Each of the 25 groundwater-monitoring wells shall be sampled on a quarterly frequency.
The last quarter of 2009 data was missing.

Flow Measurement

Flow is measured at the effluent using an ISCO 3010 flow meter and a 22.5-degree V-notch weir. The weir plate appears to be level, plumb and its top edges are sharp and clean. There is a free access of air below the nappe of the weir. The stilling basin is of sufficient size and clear of debris. Upstream channel of the weir is straight for at least four times the depth of water level, and free from disturbing influences. Facility personnel properly make Head measurements and the correct flow tables are used. Flow records are retained and the actual flow discharged is measured. An ISCO 3010 ultrasonic flow meter with totalizer is used to record flow. The flow meter has been calibrated yearly but was last calibrated on April 25, 2008. A calibration check showed the measured flow to be 16.7 percent lower than the actual flow. This is not within the +/- 10 percent allowable deviation. This is based on actual flows at the time of the inspection. Flow measurement is adequate to handle the expected range of flows.

Rating: Unsatisfactory.

Permit No. ND0062286 Part II.J.1(b)

Flow measuring devices shall be capable of measuring flows with a maximum deviation of not greater than 10 percent from the true discharge rates throughout the range of expected discharge volumes.
The flow meter is past due for calibration and is measuring above the +/- 10% allowable deviation.

Self-Monitoring Program

This facilities self-monitoring program is meeting the requirements of the State Land Application permit. Samples are taken at sites specified in the permit and the locations are adequate for representative samples.

Compliance Evaluation Inspection
HAIG POINT/MELROSE WWTP
HILTON HEAD, SC
STATE LAND APPLICATION PERMIT ND0062286

Flow proportioned samples are being collected as required by the permit. Grab samples for Fecal Coliform, Dissolved Oxygen, and pH are collected properly. Sampling and analysis is completed on parameters specified by the permit and in the frequencies specified in the permit. Samples are collected on the day specified by the permit. Also all groundwater parameters shall be monitored on the first (1st) Wednesday of the first month of each quarter. When monitoring and analysis are performed more often than required by the State Land Application permit, the results are reported on the DMRs. Samples are refrigerated during compositing and proper preservation techniques are used. Containers and sample holding times before analysis conform to Federal Register 40 CFR 136.3.

Rating: Satisfactory.

Facility Site Review

This 0.64 MGD facility consists of an influent bar screen, four cell aerated lagoon, chlorination contact chamber, effluent holding pond, and effluent pump system to deliver effluent to the golf courses. There were three aerators malfunctioning at the WWTF. There were three malfunctioning spare aerators. Standby power is provided and an alarm system is available. However, the effluent pumps and chlorination system is not connected to the standby power system. When an emergency occurs the facility has no way to properly treat and dispose of the effluent. A generator pre-connect could be installed so that a portable generator could be used in an emergency. There is an established procedure for training new operators. There were aquatic weeds noted in parts of the aerated cells. Spare parts and supplies inventories are maintained, as were major equipment specifications. Organic overloads are not routinely experienced. However, hydraulic overloads are experienced with substantial rainfall but progress has been made to identify areas that are causing inflow into the WWTF. Land application rate of treated wastewater is to be spray irrigated onto the spray fields (inch/week) as outlined in Part III.E.1(a)(b)(c) of the permit. Due to beach erosion there is a force main and manhole on the beach at Driftwood. According to operation records this manhole is being monitored daily.

Rating: Unsatisfactory.

Permit No. ND0062286 Part II.E.1

The permittee shall at all times properly operate and maintain in good working order and operate as efficiently as possible all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit.

All aerators should be functional.

The force main and manhole on the beach at Driftwood needs immediate attention.

Permit No. ND0062286 Part II.E.2

In order to maintain compliance with effluent limitations and prohibitions of this permit, the permittee shall provide an alternative power source sufficient to operate the wastewater control facilities or have a plan of operation which will halt, reduce, or otherwise control production and/or all discharges upon the reduction, loss, or failure of the primary source of power to the wastewater control facilities.

Compliance Evaluation Inspection
HAIG POINT/MELROSE WWTP
HILTON HEAD, SC
STATE LAND APPLICATION PERMIT ND0062286

The effluent pumps and chlorination system should be connected to standby power or a portable generator pre-connect be provided.

Operations and Maintenance

At the time of the inspection, all treatment units were not in service and operating satisfactorily. There were three malfunctioning aerators in the ponds. Procedures for facility operation exist. Instruction files are kept for operation and maintenance of each item of major equipment. Routine and preventive maintenance are scheduled and performed on time. At the time of the inspection, the effluent was clear with no signs of problems.

Rating: Unsatisfactory

Permit No. ND0062286 Part II.E.1

The permittee shall at all times properly operate and maintain in good working order and operate as efficiently as possible all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit.

All aerators should be functional.

The force main and manhole on the beach at Driftwood needs immediate attention.

Sludge Handling/Disposal

This facility currently operates in a manner, which does not require routine sludge removal. The depth of the sludge in the aeration basin was monitored in September of 2007. A uniform one-foot was determined utilizing a sludge judge. It is reminded that sludge should be monitored on a regular basis and Dr. Rich Lagoons require sludge removal approximately every 16 years.

Rating: Satisfactory

**Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems**

**Schedules in Support
of a
Rate Increase**

Historical Test Year 6/30/11

With Known and Measurable Changes through 6/30/12

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Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Comparative Balance Sheets

Assets	Water					Sewer				
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	6/30/2011	12/31/2007	12/31/2008	12/31/2009	12/31/2010	6/30/2011
Utility Plant	\$3,109,504	\$3,203,824	\$3,211,843	\$3,851,101	\$3,852,476	\$2,628,049	\$2,678,192	\$2,679,330	\$3,637,399	\$3,641,574
Accumulated Depreciation	(233,744)	(303,326)	(208,008)	(250,512)	(267,072)	(273,811)	(332,656)	(258,167)	(317,217)	(332,031)
Construction in Progress	0	0	0	0	0	0	0	0	0	0
Cash	0	5,367	4,956	5,146	9,802	0	0	0	0	0
Accounts Receivable	92,524	114,267	97,128	212,594	224,337	24,251	47,212	1,479	5,146	9,802
Provision for Uncollectibles	(81,219)	(88,036)	(45,013)	(67,825)	(67,825)	0	0	100,732	227,191	239,004
Receivables from Associated Co.	0	0	0	0	0	0	0	(54,036)	(96,662)	(96,662)
Accumulated Deferred Income Tax	70,321	0	0	0	0	0	157,730	282,366	5,139	11,563
Total Assets	\$2,957,386	\$2,932,096	\$3,060,906	\$3,750,504	\$3,751,717	\$2,378,489	\$2,548,760	\$2,751,704	\$3,460,995	\$3,473,251
Liabilities & Equity										
Common Stock	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Premium on Capital Stock	1,328,041	1,328,041	1,328,041	1,328,041	1,328,041	0	0	0	0	0
Paid in Capital	0	2,692,205	2,670,205	3,150,047	3,150,047	2,420,511	2,557,174	2,579,174	3,226,883	3,226,883
Retained Earnings	(1,110,766)	(1,377,676)	(1,305,625)	(1,211,687)	(1,232,275)	(134,249)	(116,728)	(15,339)	31,720	50,617
Accounts Payable	0	27,816	42,523	75,245	123,048	(348)	18,005	52,443	31,915	50,042
Advances from Associated Co.	2,463,981	0	0	(20,586)	(44,655)	7,468	7,468	26,166	(20,586)	(44,655)
Accrued Taxes	0	0	0	0	0	(418)	(418)	(418)	(418)	(418)
Misc Accrued Liabilities	0	0	0	0	0	0	0	0	0	0
Misc Operating Reserves	0	0	0	10,659	10,659	0	0	0	5,118	5,118
Contributed in Aid of Construction	360,360	353,000	354,000	453,500	453,500	113,295	113,295	116,795	197,295	197,295
Accum. Amortization of CIAC	(85,230)	(92,290)	(29,238)	(35,715)	(37,648)	(28,770)	(31,036)	(8,117)	(11,932)	(12,631)
Total Liabilities & Equity	\$2,957,386	\$2,932,096	\$3,060,906	\$3,750,504	\$3,751,717	\$2,378,489	\$2,548,760	\$2,751,704	\$3,460,995	\$3,473,251

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Comparative Income Statements for 12 Months Ended

	Water					Sewer						
	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	6/30/2011	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	6/30/2011
Revenues:												
Metered Sales	\$177,132	\$172,629	\$173,688	\$152,708	\$219,825	\$235,772	\$102,488	\$127,368	\$112,028	\$111,102	\$172,731	\$173,739
Availability Billing	61,600	60,936	42,152	38,173	128,829	132,231	61,600	60,936	74,937	67,864	159,901	164,606
Interdepartmental Sales	0	0	0	0	0	0	0	0	157,730	137,080	0	0
Other Revenue	5,550	9,016	2,876	1,051	3,775	4,829	0	0	4,047	1,966	4,975	5,415
Total Operating Revenue	244,282	242,581	218,716	191,932	352,429	372,833	164,088	188,304	348,742	318,012	337,607	343,760
Expenses:												
O&M Expense	254,870	371,977	206,408	200,864	307,545	305,389	197,396	179,896	271,881	271,573	248,413	227,790
Depreciation	34,302	62,190	55,602	29,371	29,209	29,239	52,561	52,561	56,580	25,884	28,170	28,206
Taxes, Other	0	50	3,172	616	29,586	25,713	980	0	2,760	1,963	20,685	25,010
Income Tax	(19,501)	(70,321)	0	0	0	0	(34,644)	(14,671)	0	0	0	0
Total Operating Expense	269,671	363,896	265,182	230,851	366,340	360,341	216,293	217,786	331,221	299,420	297,268	281,006
Net Operating Income	(25,389)	(121,315)	(46,466)	(38,919)	(13,911)	12,492	(52,205)	(29,482)	17,521	18,592	40,339	62,755
Other Income	0	12,965	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	(\$25,389)	(\$108,350)	(\$46,466)	(\$38,919)	(\$13,911)	\$12,492	(\$52,205)	(\$29,482)	\$17,521	\$18,592	\$40,339	\$62,755

**Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Water and Sewer Operations**

Capital Structure and Rate of Return

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Return</u>
Debt	\$3,500,000	53.8%	6.50%	3.49%	\$227,175
Equity	<u>3,009,309</u>	<u>46.2%</u>	10.50%	<u>4.85%</u>	<u>315,701</u>
	<u><u>\$6,509,309</u></u>	<u><u>100.0%</u></u>		<u><u>8.34%</u></u>	<u><u>\$542,876</u></u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Combined Water & Sewer Operating Statement

	12/31/2011				
	Year-End 12/31/2010	Adjustments	Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	\$232,729	\$17,453	\$250,183	\$261,868	\$512,051
Commercial	93,468	13,319	106,787	91,321	198,108
Irrigation	83,314	8,795	92,109	88,082	180,191
Availability Billing	296,837	(4,311)	292,526	282,761	575,287
Misc. Other Revenue	10,245	203	10,448	10,207	20,655
Interdepartmental Sales	0	0	0	0	0
Billing Adjustments	0	0	0	0	0
Total Revenues	716,593	35,459	752,052	734,238	1,486,291
Operating Expense:					
Wages	132,701	22,362	155,063	0	155,063
Benefits	9,079	(700)	8,379	0	8,379
Director's Fees	4,500	0	4,500	0	4,500
Sludge Disposal	0	0	0	0	0
Power	95,638	12,494	108,132	0	108,132
Chemicals	2,541	677	3,217	0	3,217
Supplies & Maintenance	27,012	1,648	28,660	0	28,660
Outside Services-Mgmt	134,631	0	134,631	0	134,631
Outside Services-Engineering	10,681	9,145	19,826	0	19,826
Outside Services-Accounting	1,200	0	1,200	0	1,200
Outside Services-Legal	9,879	0	9,879	0	9,879
Outside Services-Testing	56,971	0	56,971	0	56,971
Outside Services-Other	1,458	1,150	2,608	0	2,608
Other Operating Expenses	0	0	0	0	0
Transportation	11,509	1,644	13,153	0	13,153
Bad Debt	25,422	(16,813)	8,609	9,336	17,945
Insurance	14,000	18,751	32,751	0	32,751
Regulatory Commission Expense	14,978	0	14,978	0	14,978
Other A&G Expenses	17,044	700	17,744	0	17,744
Total O&M Expense	569,244	51,057	620,301	9,336	629,637
Depreciation	57,445	2,879	60,324	0	60,324
Amortization	0	45,300	45,300	0	45,300
Revenue Taxes	3,649	3,503	7,152	6,982	14,135
Property Taxes	85	9,976	10,061	0	10,061
Payroll Taxes	10,923	1,721	12,644	0	12,644
State and Federal Income Taxes	0	0	0	171,273	171,273
Total Operating Expenses	641,347	114,436	755,783	187,591	943,374
Net Operating Income	\$75,246		(\$3,731)		\$542,917
Rate Base	6,410,780		6,509,309		\$6,509,309
Rate of Return	1.17%		-0.06%		8.34%
				Revenue Increase	97.6%

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Water Rate Base Calculation

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Plant in Service	\$3,852,476	\$5,125	\$3,857,601
Accumulated Depreciation	(267,072)	(35,343)	(302,415)
CWIP	0	0	0
Contributions in Aid of Construction	(451,000)	(13,500)	(464,500)
Accum. Amortization of CIAC	<u>37,648</u>	<u>3,915</u>	<u>41,563</u>
Net Plant	3,172,052	(39,802)	3,132,249
Working Capital (1/5th O&M)	64,684	4,488	69,172
Unamortized Balances	<u>0</u>	<u>79,275</u>	<u>79,275</u>
Rate Base	<u><u>\$3,236,736</u></u>	<u><u>\$43,961</u></u>	<u><u>\$3,280,697</u></u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Adjustments to Pro Forma Water System Rate Base

a)	Adjust Plant in Service for new Billing System.		
	Adjustment		<u>\$ 5,125</u>
a)	Adjust accumulated depreciation to reflect pro forma annual depreciation.		\$ (34,830)
	Adjust accumulated depreciation for the new Billing System.		<u>\$ (513)</u>
	Adjustment		<u>\$ (35,343)</u>
b)	Adjust CIAC for Tap Fees related to pro forma customer growth.		
	Adjustment		<u>\$ (13,500)</u>
c)	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.		
	Adjustment		<u>\$ 3,915</u>
d)	Adjust working capital allowance for changes to O&M expenses.		
	Total Adjustment	22,441	
	Allowance	20%	
	Adjustment		<u>\$ 4,488</u>
e)	Adjustment to reflect the average unamortized balance of rate case expense.		
	Rate Case Costs	90,600	
	Amortization Period (yrs)	4	
	Average Unamortized Balance	79,275	
	Adjustment		<u>\$ 79,275</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Water Utility Plant in Service

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
Organizational Costs	\$ -	\$ -	\$ -
Land	159,384	-	159,384
Wells	793,065	-	793,065
Water Treatment Plant	17,346	-	17,346
Distribution Reservoirs	863,379	-	863,379
T&D Plant	111,612	-	111,612
Mains, Hydrts, Serv, Meters	1,411,289	-	1,411,289
General Plant-Structures	-	-	-
General Plant-Equipment	18,435	5,125	23,560
	<u>3,374,510</u>	<u>5,125</u>	<u>3,379,635</u>
Melrose			
Organizational Costs	\$ 20,593	\$ -	\$ 20,593
Wells	1,800	-	1,800
Water Treatment Plant	298,977	-	298,977
Distribution Reservoirs	6,000	-	6,000
T&D Plant	23,567	-	23,567
Mains, Hydrts, Serv, Meters	100,056	-	100,056
General Plant-Structures	22,772	-	22,772
General Plant-Equipment	4,203	-	4,203
	<u>477,967</u>	<u>-</u>	<u>477,967</u>
Total Water Plant	<u><u>\$ 3,852,476</u></u>	<u><u>\$ 5,125</u></u>	<u><u>\$ 3,857,601</u></u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Water Accumulated Depreciation

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
Wells	\$ 62,507	\$ 7,104	\$ 69,611
Water Treatment Plant	456	193	649
Distribution Reservoirs	30,930	7,734	38,664
T&D Plant	3,688	1,274	4,962
Mains, Hydrts, Serv, Meters	144,739	12,642	157,381
General Plant-Structures	-	-	-
General Plant-Equipment	2,815	2,623	5,438
	<u>245,134</u>	<u>31,570</u>	<u>276,705</u>
Melrose			
Wells	\$ 87	\$ 12	\$ 98
Water Treatment Plant	15,041	2,406	17,447
Distribution Reservoirs	216	39	255
T&D Plant	930	194	1,125
Mains, Hydrts, Serv, Meters	3,601	648	4,249
General Plant-Structures	1,007	201	1,208
General Plant-Equipment	1,056	272	1,328
	<u>21,938</u>	<u>3,772</u>	<u>25,710</u>
 Total Water Plant	 <u>\$ 267,072</u>	 <u>\$ 35,343</u>	 <u>\$ 302,415</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Water CIAC and Accumulated Amortization

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
CIAC - Tap Fees	\$ 235,000	\$ 11,500	\$ 246,500
CIAC - Other	<u>119,000</u>	<u>-</u>	<u>119,000</u>
	354,000	11,500	365,500
Accum. Amortization - Tap Fees	\$ 20,119	\$ 2,208	\$ 22,327
Accum. Amortization - Other	<u>14,038</u>	<u>1,066</u>	<u>15,104</u>
	34,157	3,274	37,431
Melrose			
CIAC - Tap Fees	\$ 97,000	\$ 2,000	\$ 99,000
CIAC - Other	<u>-</u>	<u>-</u>	<u>-</u>
	97,000	2,000	99,000
Accum. Amortization - Tap Fees	\$ 3,491	\$ 641	\$ 4,132
Accum. Amortization - Other	<u>-</u>	<u>-</u>	<u>-</u>
	3,491	641	4,132
Water - CIAC	<u>\$ 451,000</u>	<u>\$ 13,500</u>	<u>\$ 464,500</u>
Water - CIAC Amortization	<u>\$ 37,648</u>	<u>\$ 3,915</u>	<u>\$ 41,563</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Water Operating Statement

	Year-End 6/30/2011	Ref.	Adjustments	6/30/2012		
				Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:						
Residential	\$107,059	E-1	\$8,238 (1a)	\$115,298	\$125,268 (1b)	\$240,566
Commercial	45,399	E-1	6,397 (1c)	51,796	40,010 (1d)	91,805
Irrigation	83,314	E-1	8,795 (1e)	92,109	88,082 (1f)	180,191
Availability Billing	132,231	E-1	(1,893) (1g)	130,338	125,315 (1h)	255,653
Misc. Other Revenue	4,829	E-1	(33) (1i)	4,797	4,663 (1j)	9,460
Interdepartmental Sales	0		0	0	0	0
Billing Adjustments	0		0	0	0	0
Total Revenues	372,833		21,504	394,337	383,338	777,675
Operating Expense:						
Wages	66,350	C-2	11,181 (2)	77,531		77,531
Benefits	4,540	C-2	(350) (3)	4,190		4,190
Director's Fees	2,250	C-2		2,250		2,250
Sludge Disposal	0	C-2		0		0
Power	68,552	C-2	4,850 (5)	73,402		73,402
Chemicals	404	C-2	74 (6)	477		477
Supplies & Maintenance	13,210	C-2	340 (7)	13,550		13,550
Outside Services-Mgmt	67,316	C-2		67,316		67,316
Outside Services-Engineering	7,906	C-2	(556) (8)	7,350		7,350
Outside Services-Accounting	600			600		600
Outside Services-Legal	4,940	C-2		4,940		4,940
Outside Services-Testing	44,790	C-2		44,790		44,790
Outside Services-Other	1,047	C-2	575 (9)	1,622		1,622
Other Operating Expenses	0	C-2		0		0
Transportation	6,292	C-2	899 (10)	7,191		7,191
Bad Debt	13,279	C-2	(8,724) (11)	4,554	4,427 (20)	8,981
Insurance	7,000	C-2	9,376 (12)	16,376		16,376
Regulatory Commission Expense	5,546	C-2		5,546		5,546
Other A&G Expenses	9,402	C-2	350 (13)	9,752		9,752
Total O&M Expense	323,421		18,014	341,435	4,427	345,862
Depreciation, Net	29,239	C-2	1,676 (14)	30,915		30,915
Amortization	0	C-2	22,650 (15)	22,650		22,650
Revenue Taxes	2,189	C-2	1,561 (16)	3,750	3,646 (21)	7,396
Property Taxes	29	C-2	4,334 (17)	4,363		4,363
Payroll Taxes	5,462	C-2	861 (18)	6,322		6,322
State and Federal Income Taxes	0	C-2	0 (19)	0	86,553 (22)	86,553
Total Operating Expenses	360,341		49,095	409,435	94,626	504,061
Net Operating Income	\$12,492			(\$15,098)		\$273,614
Rate Base	\$3,236,736			\$3,280,697		\$3,280,697
Rate of Return	0.39%			-0.46%		8.34%
				Revenue Increase		97.2%

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Schedule W-C.1

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma number of customers at present rates.			
Residential Revenue Per Schedule E.1		115,298	
Less: Residential Revenue - Test Year		107,059	
Adjustment			<u>8,238</u>
b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.			
Residential Revenue Per Schedule E.2		240,566	
Less: Residential Revenue Per Schedule E.1		115,298	
Adjustment			<u>125,268</u>
c) Adjust commercial revenue to reflect the pro forma number of customers at present rates.			
Commercial Revenue Per Schedule E.1		52,773	
Less: Commercial Revenue - Test Year		45,399	
Adjustment			<u>7,375</u>
d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.			
Commercial Revenue Per Schedule E.2		91,805	
Less: Commercial Revenue Per Schedule E.1		52,773	
Adjustment			<u>39,032</u>
e) Adjust irrigation revenue to reflect the pro forma demand at present rates.			
Irrigation Revenue Per Schedule E.1		92,109	
Less: Irrigation Revenue - Test Year		83,314	
Adjustment			<u>8,795</u>
f) Adjust irrigation revenue to reflect the pro forma demand at proposed rates.			
Irrigation Revenue Per Schedule E.2		180,191	
Less: Irrigation Revenue Per Schedule E.1		92,109	
Adjustment			<u>88,082</u>
g) Adjust availability revenue to reflect the pro forma number of customers at present rates.			
Availability Revenue Per Schedule E.1		130,338	
Less: Availability Revenue - Test Year		132,231	
Adjustment			<u>(1,893)</u>
h) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.			
Availability Revenue Per Schedule E.2		255,653	
Less: Availability Revenue Per Schedule E.1		130,338	
Adjustment			<u>125,315</u>
i) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.			
	Total Rev.		Misc. Rev.
Misc Revenue Per Schedule E.1	394,337	1.216%	4,797
Less: Misc Revenue - Test Year	376,474	1.283%	4,829
Adjustment			<u>(33)</u>
j) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.			
	Total Rev.		Misc. Rev.
Misc Revenue Per Schedule E.2	777,675	1.216%	9,460
Less: Misc Revenue Per Schedule E.1	394,337	1.216%	4,797
Adjustment			<u>4,663</u>

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Schedule W-C.1

Adjustment (2)

Increase the level of wages for the current 3 full-time, 1 part-time shared employees to reflect the wages of 4 full-time shared employees including a 3% wage increase for the test year full-time employees.

Pro forma costs (WP 7.4)	77,531	
Less: Test period costs	66,350	
Adjustment		<u>11,181</u>

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)	4,190	
Less: Test period costs	4,540	
Adjustment		<u>(350)</u>

Adjustment (4)

Increase the level of power costs for increased system demand.

	Test Period	Factor	Pro Forma	
Power	68,552	1.071	73,402	
Adjustment				<u>4,850</u>

Adjustment (5)

Increase the level of chemical costs for increased system demand.

	Test Period	Factor	Pro Forma	
Chemicals	1,047	1.071	1,121	
Adjustment				<u>74</u>

Adjustment (7)

Increase the level of operating supply costs for increased number of customers.

Test period costs	13,210	
Factor for increase in customers	1,026	
	<u>13,550</u>	
Adjustment		<u>340</u>

Adjustment (8)

Adjust Outside Services-Engineering to reflect 2007-2010 average cost.

	2007	2008	2009	2010	Test Period	
Annual Cost	18,101	6,167	-	5,131	7,906	
5 Year Average Cost					7,350	
Adjustment						<u>(556)</u>

Adjustment (9)

Adjust Outside services-Other to reflect technical support and maintenance of new billing system.

Adjustment	<u>575</u>
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Adjustment (10)

Adjust transportation costs relative to the change in number of employees.

	Test Period	Factor	Pro Forma	
Transportation	6,292	1.143	7,191	
Adjustment				<u>899</u>

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Schedule W-C.1

Adjustment (11)

Adjust bad debt expense to reflect test period revenue write-off percentages applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues	259,202	0.5%	1,296	
Availability Sales-Bad Debt at 2.5% of revenue	130,338	2.5%	3,258	
			<u>4,554</u>	
Test period costs			13,279	
Adjustment				<u>(8,724)</u>

Adjustment (12)

Adjustment to record general liability insurance to reflect recent quote.

Pro Forma Depreciation Expense	9,376	
Test period Depreciation Expense	<u>0</u>	
Adjustment		<u>9,376</u>

Adjustment (13)

Adjustment annual A&G for 1/2 of \$700 annual NAWC membership dues.

Pro Forma Expense Additions	350	
Adjustment		<u>350</u>

Adjustment (14)

Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	30,915	
Test period Depreciation Expense	<u>29,239</u>	
Adjustment		<u>1,676</u>

Adjustment (15)

Adjustment to reflect the amortization of rate case expense.

Total rate case cost	90,600	
Amortization period (years)	<u>4</u>	
Annual amortization		<u>22,650</u>

Adjustment (16)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	394,337	
Revenue Tax Rate	<u>0.95102%</u>	
	3,750	
Less: Test Year Revenue Tax	<u>2,189</u>	
Adjustment		<u>1,561</u>

Adjustment (17)

Adjustment property Taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Effective Tax Rate	Property Tax Amt	
Actual Tax Bills (Land Parcels)	36,000	0.005352	193	
Actual Tax Bills (Bldgs & Content)	114,200	0.001870	214	
			<u>406</u>	
Estimated Replacement Value:				
Water Land Parcels	159,384	0.005352	853	
Water System Bldgs & Content	1,877,470	0.001870	3,510	
Pro Forma Property Taxes			<u>4,363</u>	
Less: Test Year Property Taxes			<u>29</u>	
Adjustment				<u>4,334</u>

Adjustment (18)

Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (VWP 7.4)	6,322	
Test period costs	<u>5,462</u>	
Adjustment		<u>861</u>

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (19)

Adjustment to reflect State and Federal Income Taxes.

Revenue	394,337		
O&M Expense	(341,435)		
Depreciation	(30,915)		
Amortization	(22,650)		
Taxes - Other	(14,435)		
Interest Expense	(114,496)		
State Taxable Income	(129,594)		
State Income Tax Rate		5.000%	
SIT			0
Federal Taxable Income	(129,594)		
Federal Income Tax Rate		26.075%	
FIT			0
Pro Forma Income Tax			0
Test Period Income Tax			0
Adjustment			<u>0</u>

Adjustment (20)

Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates	4,554		
Rate Increase Percentage	97.2%		
Adjustment			<u>4,427</u>

Adjustment (21)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement	777,671		
Revenue Tax Rate	0.95102%		
Revenue Tax at Proposed Rates	7,396		
Revenue Tax at Present Rates	3,750		
Adjustment			<u>3,646</u>

Adjustment (22)

Adjustment to reflect State and Federal Income Taxes.

Revenue Requirement	777,671		
O&M Expense	(345,862)		
Depreciation	(30,915)		
Amortization	(22,650)		
Taxes - Other	(18,081)		
Interest Expense	(114,496)		
State Taxable Income	245,667		
State Income Tax Rate		5.000%	
SIT			12,283
Federal Taxable Income	233,384		
Federal Income Tax Rate		31.823%	
FIT			74,270
Pro Forma Income Tax-Proposed Rates			86,553
Pro Forma Income Tax-Present Rates			0
Adjustment			<u>86,553</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Operating Expenses - Water

	12 Months Ended 12/31/10 Expense	Test Year Expense
Wages	55,363	48,318
Benefits	5,961	4,540
Director's Fees	3,000	2,250
Sludge Disposal	0	0
Purchased Water	0	0
Power	69,397	68,552
Chemicals	465	404
Supplies & Maintenance	6,282	13,210
Outside Services-Mgmt	68,739	67,316
Outside Services-Engineering	5,131	7,906
Outside Services-Accounting	0	600
Outside Services-Legal	0	4,940
Outside Services-Testing	38,442	44,790
Outside Services-Other	1,288	1,047
Other Operating Expenses	0	0
Transportation	2,480	6,292
Bad Debt	31,168	13,279
Insurance	7,000	7,000
Regulatory Commission Expense	2,563	5,546
Other A&G Expenses	10,268	9,402
Total O&M Expense	307,545	305,389
Depreciation	29,209	29,239
Amortization	0	0
Revenue Taxes	2,189	2,189
Property Taxes	51	29
Payroll Taxes	27,345	23,494
State and Federal Income Taxes	0	0
Total Operating Expenses	366,340	360,341

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Depreciation Expense - Water

	Pro Forma UPIS Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Haig Point				
Wells	\$ 793,065	2.000%	44.79%	\$ 7,104
Water Treatment Plant	17,346	2.484%	44.79%	193
Distribution Reservoirs	863,379	2.000%	44.79%	7,734
T&D Plant	111,612	2.548%	44.79%	1,274
Mains, Hydrts, Serv, Meters	1,411,289	2.000%	44.79%	12,642
General Plant-Structures	-	2.725%	44.79%	-
General Plant-Equipment	23,560	20.000%	44.79%	2,111
CIAC - Tap Fees	(246,500)	2.000%	44.79%	(2,208)
CIAC - Other	(119,000)	2.000%	44.79%	(1,066)
	<u>2,854,751</u>			<u>27,784</u>
Melrose				
Wells	\$ 1,800	2.000%	32.39%	\$ 12
Water Treatment Plant	298,977	2.484%	32.39%	2,406
Distribution Reservoirs	6,000	2.000%	32.39%	39
T&D Plant	23,567	2.548%	32.39%	194
Mains, Hydrts, Serv, Meters	100,056	2.000%	32.39%	648
General Plant-Structures	22,772	2.725%	32.39%	201
General Plant-Equipment	4,203	20.000%	32.39%	272
CIAC - Tap Fees	(99,000)	2.000%	32.39%	(641)
CIAC - Other	-	2.000%	32.39%	-
	<u>358,374</u>			<u>3,131</u>
Depreciation Expense				\$ 34,830
Amortization of CIAC				(3,915)
Net Depreciation				<u>\$ 30,915</u>

Schedule W-D

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Water Capital Structure and Rate of Return

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Debt	\$1,764,003	53.8%	6.50%	3.49%
Equity	<u>1,516,694</u>	<u>46.2%</u>	10.50%	<u>4.85%</u>
	<u><u>\$3,280,697</u></u>	<u><u>100.0%</u></u>		<u><u>8.34%</u></u>

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Daufuskie Island Utility Company, Inc.**Revenue Requirement**

		<u>Water</u>
Equity Return		\$159,114
Gross Revenue Tax	0.95102%	2,359
Effective Income Tax Rate	35.2319%	86,553
Equity Grossed-Up	35.8478%	<u>248,025</u>
O&M Expenses		345,862
Depreciation		30,915
Amortization		22,650
Property Taxes		4,363
Payroll Taxes		6,322
Interest Expense		<u>114,496</u>
		524,608
Gross Revenue Tax		<u>5,037</u>
		529,645
Revenue Requirement		<u><u>\$777,671</u></u>
Revenue @ Present Rates		394,337
Percentage Increase		97.2%

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change	Pro Forma Existing Rates:					
Base Service:	Residential-DIUC	1.00	\$ 106.05	135.7%	Service Charge Revenue	\$ 114,696.00	29.09%	62.14%	Base	
	Residential-MUC/BP	1.30	\$ 106.05	81.3%	Metered Usage Revenue	52,397.50	13.29%	36.65%	Usage	
	Commercial-DIUC	1.40	\$ 148.48	135.7%	Irrigation Revenue	92,108.86	23.36%			
	Commercial-MUC/BP	2.20	\$ 148.48	50.0%	Availability Revenue	130,338.00	33.05%			
	Multi-Family-MUC/BP	2.20	\$ 148.48	50.0%						
	Availability Billing-DIUC	0.50	\$ 76.36	239.4%	Subtotal	\$ 389,540.36	1.22%	1.22%		
	Availability Billing-MUC/BP	1.30	\$ 76.36	30.5%	Late Charge Revenue	4,796.65		100.00%		
					Total Revenue	\$ 394,337.01				
Usage:					Pro Forma Revenue Requirement:				(Sch E.2 Results)	% Increase
	Residential-DIUC	2.00	\$ 3.14	57.0%	Service Charge Revenue	\$ 226,191.67		\$ 227,121.12	98.0%	
	Residential-MUC/BP	1.77	\$ 3.14	77.4%	Metered Usage Revenue	103,332.97		103,337.40	97.2%	
	Commercial-DIUC	2.00	\$ 3.14	57.0%	Irrigation Revenue	181,647.63		182,103.30	97.7%	
	Commercial-MUC/BP	1.41	\$ 3.14	122.7%	Availability Revenue	257,039.22		255,653.28	96.1%	
	Multi-Family-MUC/BP	1.41	\$ 3.14							
					Subtotal	\$ 768,211.49		\$ 768,215.10	97.2%	
				Late Charge Revenue	9,459.47		9,459.51	97.2%		
				Total Revenue	\$ 777,670.96		\$ 777,674.61	97.2%		

TPL Treatment Plant-DIUC

Service Charge Rates		Quarterly Bills	Factor	Factored Bills	Proposed Rate
0 to 18,000 gals (quarterly)	\$ 2.00	1,080	1.00	1,080.0	\$ 106.05
18,001 to 60,000 gals	\$ 2.24	440	1.00	440.0	\$ 106.05
Over 60,000 gals	\$ 2.54	104	1.40	145.6	\$ 148.48
		168	1.40	235.2	\$ 148.48
		176	1.40	246.4	\$ 148.48
		1,820	0.72	1,310.4	\$ 76.36
		1,528	0.72	1,100.2	\$ 76.36
		5,316		4,557.8	
				\$ 483,230.89	
				\$ 106.05	

Usage Rates		TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC		15,606.0	1.00	15,606.0	\$ 3.14
Residential-MUC/BP		9,671.0	1.00	9,671.0	\$ 3.14
Commercial-DIUC		3,836.0	1.00	3,836.0	\$ 3.14
Commercial-MUC/BP		3,519.0	1.00	3,519.0	\$ 3.14
Multi-Family-MUC/BP		698.0	1.00	698.0	\$ 3.14
0 to 18,000 gals (quarterly)		4,613.0	1.10	5,074.3	\$ 3.46
18,001 to 60,000 gals		16,767.0	1.30	21,797.1	\$ 4.08
Over 60,000 gals		20,344.0	1.50	30,516.0	\$ 4.71
		75,054.0		90,717.4	
				\$ 284,980.60	
				\$ 3.14	

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Sewer Rate Base Calculation

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Plant in Service	\$3,641,574	\$5,125	\$3,646,699
Accumulated Depreciation	(332,031)	(31,572)	(363,603)
CWIP	0	0	0
Contributions in Aid of Construction	(197,295)	(7,500)	(204,795)
Accum. Amortization of CIAC	<u>12,632</u>	<u>1,650</u>	<u>14,282</u>
Net Plant	3,124,880	(32,297)	3,092,583
Working Capital (1/5th O&M)	49,164	7,590	56,754
Unamortized Balances	<u>0</u>	<u>79,275</u>	<u>79,275</u>
Rate Base	<u><u>\$3,174,044</u></u>	<u><u>\$54,568</u></u>	<u><u>\$3,228,612</u></u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Adjustments to Pro Forma Sewer System Rate Base

a)	Adjust Plant in Service for new Billing System.		
	Adjustment		<u>\$ 5,125</u>
b)	Adjust accumulated depreciation to reflect pro forma annual depreciation.		\$ (31,060)
	Adjust accumulated depreciation for the new Billing System.		<u>\$ (513)</u>
	Adjustment		<u>\$ (31,572)</u>
c)	Adjust CIAC for Tap Fees related to pro forma customer growth.		
	Adjustment		<u>\$ (7,500)</u>
d)	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.		
	Adjustment		<u>\$ 1,650</u>
e)	Adjust working capital allowance for changes to O&M expenses.		
	Total Adjustment	37,952	
	Allowance	<u>20%</u>	
	Adjustment		<u>\$ 7,590</u>
f)	Adjustment to reflect the average unamortized balance of rate case expense.		
	Rate Case Costs	90,600	
	Amortization Period (yrs)	4	
	Average Unamortized Balance	79,275	
	Adjustment		<u>\$ 79,275</u>

**Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems**

Sewer Utility Plant in Service

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
Organizational Costs	\$ -	\$ -	\$ -
Land	309,117	-	309,117
Collection Mains	2,055,817	-	2,055,817
WW Pumping Plant	37,680	-	37,680
WW Treatment & Disposal Plant	514,614	-	514,614
Outfall Sewer Lines	66,704	-	66,704
General Plant-Structures	-	-	-
General Plant-Equipment	9,591	5,125	14,716
	<u>2,993,523</u>	<u>5,125</u>	<u>2,998,648</u>
Melrose			
Organizational Costs	\$ 20,593	\$ -	\$ 20,593
Collection Mains	62,462	-	62,462
WW Pumping Plant	29,198	-	29,198
WW Treatment & Disposal Plant	508,824	-	508,824
Outfall Sewer Lines	-	-	-
General Plant-Structures	22,772	-	22,772
General Plant-Equipment	4,203	-	4,203
	<u>648,051</u>	<u>-</u>	<u>648,051</u>
 Total Sewer Plant	 <u>\$ 3,641,574</u>	 <u>\$ 5,125</u>	 <u>\$ 3,646,699</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Sewer Accumulated Depreciation

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
Collection Mains	\$ 191,362	\$ 18,376	\$ 209,738
WW Pumping Plant	1,275	652	1,927
WW Treatment & Disposal Plant	84,007	5,200	89,207
Outfall Sewer Lines	7,213	543	7,756
General Plant-Structures	-	-	-
General Plant-Equipment	909	1,710	2,618
	<u>284,766</u>	<u>26,480</u>	<u>311,246</u>
Melrose			
Collection Mains	\$ 2,441	\$ 418	\$ 2,859
WW Pumping Plant	2,203	378	2,581
WW Treatment & Disposal Plant	40,637	3,851	44,488
Outfall Sewer Lines	-	-	-
General Plant-Structures	969	189	1,158
General Plant-Equipment	1,014	256	1,270
	<u>47,264</u>	<u>5,092</u>	<u>52,357</u>
Total Sewer Plant	<u><u>\$332,031</u></u>	<u><u>\$31,572</u></u>	<u><u>\$363,603</u></u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Sewer CIAC and Accumulated Amortization

	<u>6/30/2011</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 6/30/2012</u>
Haig Point			
CIAC - Tap Fees	\$ 117,795	\$ 6,500	\$ 124,295
CIAC - Other	-	-	-
	<u>117,795</u>	<u>6,500</u>	<u>124,295</u>
Accum. Amortization - Tap Fees	\$ 9,524	\$ 1,111	\$ 10,635
Accum. Amortization - Other	-	-	-
	<u>9,524</u>	<u>1,111</u>	<u>10,635</u>
Melrose			
CIAC - Tap Fees	\$ 79,500	\$ 1,000	\$ 80,500
CIAC - Other	-	-	-
	<u>79,500</u>	<u>1,000</u>	<u>80,500</u>
Accum. Amortization - Tap Fees	\$ 3,108	\$ 539	\$ 3,646
Accum. Amortization - Other	-	-	-
	<u>3,108</u>	<u>539</u>	<u>3,646</u>
Water - CIAC	<u>\$ 197,295</u>	<u>\$ 7,500</u>	<u>\$ 204,795</u>
Water - CIAC Amortization	<u>\$ 12,632</u>	<u>\$ 1,650</u>	<u>\$ 14,282</u>

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Sewer Operating Statement

	Year-End 6/30/2011	Sch. Ref.	Adjustments	6/30/2012	
				Pro Forma Present Rates	Pro Forma Proposed Rates
Operating Revenue:					
Residential	\$125,670	E	\$9,215 (1a)	\$134,885	\$136,600 (1b)
Commercial	48,069	E	6,921 (1c)	54,991	51,312 (1d)
Irrigation	0		0	0	0
Availability Billing	164,606	E	(2,418) (1e)	162,188	157,446 (1f)
Misc. Other Revenue	5,415	E	236 (1g)	5,651	5,544 (1h)
Interdepartmental Sales	0		0	0	0
Billing Adjustments	0		0	0	0
Total Revenues	343,760		13,955	357,715	350,901
Operating Expense:					
Wages	66,350	C.2	11,181 (2)	77,531	77,531
Benefits	4,540	C.2	(350) (3)	4,190	4,190
Director's Fees	2,250	C.2	(4)	2,250	2,250
Sludge Disposal	0	C.2		0	0
Power	27,085	C.2	7,645 (5)	34,730	34,730
Chemicals	2,137	C.2	603 (6)	2,740	2,740
Supplies & Maintenance	13,802	C.2	1,308 (7)	15,110	15,110
Outside Services-Mgmt	67,316	C.2		67,316	67,316
Outside Services-Engineering	2,775	C.2	9,701 (8)	12,476	12,476
Outside Services-Accounting	600			600	600
Outside Services-Legal	4,940	C.2		4,940	4,940
Outside Services-Testing	12,182	C.2		12,182	12,182
Outside Services-Other	411	C.2	575 (9)	986	986
Other Operating Expenses	0	C.2		0	0
Transportation	5,217	C.2	745 (10)	5,962	5,962
Bad Debt	12,144	C.2	(8,089) (11)	4,055	4,909 (20)
Insurance	7,000	C.2	9,376 (12)	16,376	16,376
Regulatory Commission Expense	9,432	C.2		9,432	9,432
Other A&G Expenses	7,642	C.2	350 (13)	7,992	7,992
Total O&M Expense	245,822		33,043	278,866	283,775
Depreciation	28,206	C.2	1,203 (14)	29,410	29,410
Amortization	0	C.2	22,650 (15)	22,650	22,650
Revenue Taxes	1,460	C.2	1,942 (16)	3,402	3,337 (21)
Property Taxes	56	C.2	5,642 (17)	5,698	5,698
Payroll Taxes	5,462	C.2	861 (18)	6,322	6,322
State and Federal Income Taxes	0	C.2	0 (19)	0	84,720 (22)
Total Operating Expenses	281,006		65,342	346,348	439,313
Net Operating Income	\$62,755			\$11,368	\$269,303
Rate Base	\$3,174,044			\$3,228,612	\$3,228,612
Rate of Return	1.98%			0.35%	8.34%
				Revenue Increase	98.1%

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Schedule S-C.1

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma number of customers at present rates.				
Residential Revenue Per Schedule E.1				
Less: Residential Revenue Per Books (Test Year)			134,885	
			<u>123,735</u>	
				<u>11,150</u>
b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.				
Residential Revenue Per Schedule E.2			271,485	
Less: Residential Revenue Per Schedule E.1			<u>134,885</u>	
				<u>136,600</u>
c) Adjust commercial revenue to reflect the pro forma number of customers at present rates.				
Commercial Revenue Per Schedule E.1			54,991	
Less: Commercial Revenue Per Books (Test Year)			<u>48,186</u>	
				<u>6,805</u>
d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.				
Commercial Revenue Per Schedule E.2			106,302	
Less: Commercial Revenue Per Schedule E.1			<u>54,991</u>	
				<u>51,312</u>
e) Adjust availability revenue to reflect the pro forma number of customers at present rates.				
Availability Revenue Per Schedule E.1			162,188	
Less: Availability Revenue - Test Year			<u>165,432</u>	
Adjustment				<u>(3,244)</u>
f) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.				
Availability Revenue Per Schedule E.2			319,634	
Less: Availability Revenue Per Schedule E.1			<u>162,188</u>	
Adjustment				<u>157,446</u>
g) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.				
Misc Revenue Per Schedule E.1	Total Rev.		Misc. Rev.	
Less: Misc Revenue - Test Year	357,715	1.580%	5,651	
Adjustment	342,767	1.580%	<u>5,415</u>	
				<u>236</u>
h) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.				
Misc Revenue Per Schedule E.2	Total Rev.		Misc. Rev.	
Less: Misc Revenue Per Schedule E.1	708,616	1.580%	11,195	
Adjustment	357,715	1.580%	<u>5,651</u>	
				<u>5,544</u>
<u>Adjustment (2)</u>				
Increase the level of wages for the current 3 full-time, 2 part-time shared employees to reflect the wages of 4 full-time shared employees including a 3% wage increase for the test year full-time employees.				
Pro forma costs (WP 7.4)			77,531	
Less: Test period costs			<u>66,350</u>	
Adjustment				<u>11,181</u>

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Schedule S-C.1

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)

Less: Test period costs

Adjustment

4,190

4,540

(350)

Adjustment (5)

Increase the level of power costs for increased system demand.

Test period costs

Adjustment

Test
Period
27,085

Factor
1.282

Pro Forma
34,730

7,645

Adjustment (6)

Increase the level of chemical costs for increased system demand.

Test period costs

Adjustment

Test
Period
2,137

Factor
1.282

Pro Forma
2,740

603

Adjustment (7)

Increase the level of operating supply costs for increased number of customers.

Test period costs

Factor for increase in customers

Adjustment

13,802

1,095

15,110

1,308

Adjustment (8)

Adjust Outside Services-Engineering to reflect 2007-2010 average cost to normalize expense.

Annual Cost

5 Year Average Cost

Adjustment

2007
2,056

2008
34,841

2009
20,065

2010
-

Test
Period
4,540
14,241

9,701

Adjustment (9)

Adjust Outside services-Other to reflect technical support and maintenance of new billing system.

Adjustment

575

Adjustment (10)

Adjust transportation costs relative to the change in number of employees.

Transportation

Adjustment

Test
Period
5,217

Factor
1.143

Pro Forma
5,962

745

Adjustment (11)

Adjust bad debt expense to reflect test period revenue write-off percentages applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues

Availability Sales-Bad Debt at 2.5% of revenue

189,876

162,188

0.5%

2.5%

949

4,055

Test period costs

Adjustment

5,004

12,144

(8,089)

Adjustment (12)

Adjustment to record general liability insurance to reflect recent quote.

Pro Forma Depreciation Expense

Test period Depreciation Expense

Adjustment

9,376

0

9,376

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (13)

Adjustment annual A&G for 1/2 of \$700 annual NAWC membership dues.

Pro Forma Expense Additions	350	
Adjustment		<u>350</u>

Adjustment (14)

Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	29,410	
Test period Depreciation Expense	<u>28,206</u>	
Adjustment		<u>1,203</u>

Adjustment (15)

Adjustment to reflect the amortization of rate case expense.

Total rate case cost	90,600	
Amortization period (years)	<u>4</u>	
Annual amortization		<u>22,650</u>

Adjustment (16)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	357,715	
Revenue Tax Rate	<u>0.95102%</u>	
	3,402	
Less: Test Year Revenue Tax	<u>1,460</u>	
Adjustment		<u>1,942</u>

Adjustment (17)

Adjustment property taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Effective Tax Rate	Property Tax Amt	
Actual Tax Bills (Land Parcels)	36,000	0.005352	193	
Actual Tax Bills (Bldgs & Content)	114,200	0.001870	<u>214</u>	
			406	
Estimated Replacement Value:				
Sewer Land Parcels	309,117	0.005352	1,654	
Sewer System Bldgs & Content	2,163,329	0.001870	<u>4,044</u>	
Pro Forma Property Taxes			5,698	
Less: Test Year Property Taxes			<u>56</u>	
Adjustment				<u>5,642</u>

Adjustment (18)

Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (WP 7.4)	6,322	
Test period costs	<u>5,462</u>	
Adjustment		<u>861</u>

Adjustment (19)

Adjustment to reflect State and Federal Income Taxes.

Revenue	357,715		
O&M Expense	(278,866)		
Depreciation	(29,410)		
Amortization	(22,650)		
Taxes - Other	(15,422)		
Interest Expense	<u>(112,679)</u>		
State Taxable Income	(101,311)		
State Income Tax Rate		5.000%	
SIT			0
Federal Taxable Income	<u>(101,311)</u>		
Federal Income Tax Rate		22.467%	
FIT			0
Pro Forma Income Tax			<u>0</u>
Test Period Income Tax			<u>0</u>
Adjustment			<u>0</u>

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Schedule S-C.1

Adjustment (20)

Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates

Rate Increase Percentage

Adjustment

5,004

98.1%

4,909

Adjustment (21)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement

Revenue Tax Rate

Revenue Tax at Proposed Rates

Revenue Tax at Present Rates

Adjustment

708,579

0.95102%

6,739

3,402

3,337

Adjustment (22)

Adjustment to reflect State and Federal Income Taxes.

Revenue

O&M Expense

Depreciation

Amortization

Taxes - Other

Interest Expense

State Taxable Income

State Income Tax Rate

SIT

Federal Taxable Income

Federal Income Tax Rate

FIT

Pro Forma Income Tax-Proposed Rates

Pro Forma Income Tax-Present Rates

Adjustment

708,579

(283,775)

(29,410)

(22,650)

(18,759)

(112,679)

241,307

5.000%

12,065

229,242

31.693%

72,654

84,720

0

84,720

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Operating Expenses - Sewer

	12 Months Ended 12/31/10 Expense	Test Year Expense
Wages	38,856	48,318
Benefits	4,183	4,540
Director's Fees	3,000	2,250
Sludge Disposal	0	0
Power	33,726	27,085
Chemicals	2,646	2,137
Supplies & Maintenance	5,785	13,802
Outside Services-Mgmt	63,473	67,316
Outside Services-Engineering	0	2,775
Outside Services-Accounting	0	600
Outside Services-Legal	0	4,940
Outside Services-Testing	8,790	12,182
Outside Services-Other	5,321	411
Other Operating Expenses	0	0
Transportation	8,759	5,217
Bad Debt	42,494	12,144
Insurance	7,000	7,000
Regulatory Commission Expense	16,833	9,432
Other A&G Expenses	7,547	7,642
Total O&M Expense	248,413	227,790
Depreciation	28,170	28,206
Amortization	0	0
Revenue Taxes	1,460	1,460
Property Taxes	34	56
Payroll Taxes	19,192	23,494
State and Federal Income Taxes	0	0
Total Operating Expenses	297,268	281,006

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Depreciation Expense - Sewer

	Pro Forma UPIS Balance	Depreciation Rate	Pro Forma Utilization	Pro Forma Depreciation Expense
Haig Point				
Collection Mains	\$ 2,055,817	2.198%	40.67%	\$ 18,376
WW Pumping Plant	37,680	4.255%	40.67%	652
WW Treatment & Disposal Plant	514,614	2.484%	40.67%	5,200
Outfall Sewer Lines	66,704	2.000%	40.67%	543
General Plant-Structures	-	2.725%	40.67%	-
General Plant-Equipment	14,716	20.000%	40.67%	1,197
CIAC - Tap Fees	(124,295)	2.198%	40.67%	(1,111)
CIAC - Other	-	2.000%	40.67%	-
	<u>2,565,236</u>			<u>24,856</u>
Melrose				
Collection Mains	\$ 62,462	2.198%	30.46%	\$ 418
WW Pumping Plant	29,198	4.255%	30.46%	378
WW Treatment & Disposal Plant	508,824	2.484%	30.46%	3,851
Outfall Sewer Lines	-	2.000%	30.46%	-
General Plant-Structures	22,772	2.725%	30.46%	189
General Plant-Equipment	4,203	20.000%	30.46%	256
CIAC - Tap Fees	(80,500)	2.198%	30.46%	(539)
CIAC - Other	-	2.000%	30.46%	-
	<u>546,958</u>			<u>4,553</u>
Depreciation Expense				\$ 31,060
Amortization of CIAC				<u>(1,650)</u>
Net Depreciation				<u>\$ 29,410</u>

Schedule S-D

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems
Sewer Capital Structure and Rate of Return

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Debt	\$1,735,997	53.8%	6.50%	3.49%
Equity	<u>1,492,615</u>	<u>46.2%</u>	10.50%	<u>4.85%</u>
	<u><u>\$3,228,612</u></u>	<u><u>100.0%</u></u>		<u><u>8.34%</u></u>

	<u>Quarterly Bills</u>	<u>Annual Usage (tg)</u>	<u>Billed Usage (tg)</u>	<u>Quarterly Base Chg</u>	<u>Usage Charge</u>	<u>Base Chg Revenue</u>	<u>Usage Revenue</u>	<u>Total Revenue</u>
Residential-DIUC	1,023.0			\$80.00		\$81,840		\$81,840
Total gals		14,782.027	14,782.000		\$0.96		\$14,191	\$14,191
Residential-MUC/BP	395.0			\$58.50		\$23,108		\$23,108
Total gals		<u>3,242.990</u>	<u>3,260.100</u>		\$1.41		<u>\$4,597</u>	<u>\$4,597</u>
	<u>1,418.0</u>	<u>18,025.017</u>	<u>18,042.100</u>			<u>\$104,948</u>	<u>\$18,787</u>	<u>\$123,735</u>
Commercial-DIUC	100.0			\$129.16		\$12,916		\$12,916
Total gals		3,552.620	3,553.000		\$0.96		\$3,411	\$3,411
Commercial-MUC/BP	156.0			\$99.00		\$15,444		\$15,444
Total gals		3,242.990	2,587.100		\$1.41		\$3,648	\$3,648
Multi-Unit-MUC/BP	120.0			\$99.00		\$11,880		\$11,880
Total gals		<u>951.500</u>	<u>629.000</u>		\$1.41		<u>\$887</u>	<u>\$887</u>
	<u>376.0</u>	<u>7,747.110</u>	<u>6,769.100</u>			<u>\$40,240</u>	<u>\$7,946</u>	<u>\$48,186</u>
Total Sewer Revenues	1,794.0	25,772.127	24,811.200			\$145,188 84.5%	\$26,733 15.5%	\$171,921
Availability Billing-DIUC	1,850.0			\$40.00				\$74,000
Availability Billing-MUC/BP	<u>1,562.9</u>			\$58.50				<u>\$91,432</u>
	3,412.9							\$165,432
Misc. Revenue (Late Chgs)							1.58%	\$5,415
Interdepartmental Revenue								\$0
Total Sewer Operating Revenue								<u><u>\$342,767</u></u>
Revenue Per Books								<u><u>\$343,760</u></u>
Immaterial Difference								-\$993
								-0.29%

[illegible]

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,080.0			\$148.01		\$159,851		\$159,851
Total gals		15,605.630	15,606.000		\$1.84		\$28,715	\$28,715
Residential-MUC/BP	440.0			\$148.01		\$65,124		\$65,124
Total gals		<u>9,671.255</u>	<u>9,671.000</u>		\$1.84		<u>\$17,795</u>	<u>\$17,795</u>
	<u>1,520.0</u>	<u>25,276.886</u>	<u>25,277.000</u>			<u>\$224,975</u>	<u>\$46,510</u>	<u>\$271,485</u>
Commercial-DIUC	100.0			\$207.22		\$20,722		\$20,722
Total gals		3,553.000	3,553.000		\$1.84		\$6,538	\$6,538
Commercial-MUC/BP	168.0			\$207.22		\$34,813		\$34,813
Total gals		3,518.677	3,519.000		\$1.84		\$6,475	\$6,475
Multi-Unit-MUC/BP	176.0			\$207.22		\$36,471		\$36,471
Total gals		<u>697.767</u>	<u>698.000</u>		\$1.84		<u>\$1,284</u>	<u>\$1,284</u>
	<u>444.0</u>	<u>7,769.444</u>	<u>7,770.000</u>			<u>\$92,006</u>	<u>\$14,297</u>	<u>\$106,302</u>
Total Sewer Revenues	1,964.0	33,046.330	33,047.000			\$316,981		\$377,787
						83.90%	16.10%	
Availability Billing-DIUC	1,820.0			\$95.47				\$173,755
Availability Billing-MUC/BP	<u>1,528.0</u>			\$95.47				<u>\$145,878</u>
	<u>3,348.0</u>							<u>\$319,634</u>
Misc. Revenue (Late Chgs)							1.58%	\$11,195
Interdepartmental Revenue								\$0
Total Sewer Operating Revenue								\$708,616

Daufuskie Island Utility Company, Inc.**Revenue Requirement**

		<u>Sewer</u>
Equity Return		\$156,588
Gross Revenue Tax	0.95102%	2,317
Effective Income Tax Rate	35.1086%	<u>84,720</u>
Equity Grossed-Up	35.7258%	243,624
O&M Expenses		283,775
Depreciation		29,410
Amortization		22,650
Property Taxes		5,698
Payroll Taxes		6,322
Interest Expense		<u>112,679</u>
		460,533
Gross Revenue Tax		<u>4,422</u>
		464,955
Revenue Requirement		<u><u>\$708,579</u></u>
Revenue @ Present Rates		357,715
Percentage Increase		98.1%

Daufuskie Island Utility Company, Inc.

Rate Design - Sewer System

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change	Pro Forma Existing Rates:				
Base Service:					Service Charge Revenue	\$ 159,112.00	44.48%	89.82%	Base
Residential-DIUC	\$ 80.00	1.00	\$ 148.01	85.0%	Metered Usage Revenue	30,763.98	8.60%	8.60%	Usage
Residential-MUC/BP	\$ 58.50	0.73	\$ 148.01	153.0%	Irrigation Revenue	-	0.00%		
Commercial-DIUC	\$ 129.16	1.61	\$ 207.22	60.4%	Availability Revenue	162,188.00	45.34%		
Commercial-MUC/BP	\$ 99.00	1.24	\$ 207.22	109.3%	Subtotal	\$ 352,063.98		1.58%	
Multi-Family-MUC/BP	\$ 99.00	1.24	\$ 207.22	109.3%	Late Charge Revenue	5,651.35			
Availability Billing-DIUC	\$ 40.00	0.50	\$ 95.47	138.7%	Total Revenue	\$ 357,715.33		100.00%	
Availability Billing-MUC/BP	\$ 58.50	0.73	\$ 95.47	63.2%					
					Pro Forma Revenue Requirement:				
					Service Charge Revenue	\$ 315,176.53			(Sch E.2 Results)
Usage:					Metered Usage Revenue	60,938.74			% Increase
Residential-DIUC	\$ 0.96	1.00	\$ 1.84	91.7%	Irrigation Revenue	-			99.2%
Residential-MUC/BP	\$ 1.41	1.47	\$ 1.84	30.5%	Availability Revenue	321,269.62			97.7%
Commercial-DIUC	\$ 0.96	1.00	\$ 1.84	91.7%	Subtotal	\$ 697,420.92			97.1%
Commercial-MUC/BP	\$ 1.41	1.47	\$ 1.84	30.5%	Late Charge Revenue	11,194.47			98.1%
Multi-Family-MUC/BP	\$ 1.41	1.47	\$ 1.84	30.5%	Total Revenue	\$ 708,615.96			98.1%

	Quarterly Bills	Factor	Factored Bills	Proposed Rate
Service Charge Rates				
Residential-DIUC	1,080	1.00	1,080.0	\$ 148.01
Residential-MUC/BP	440	1.00	440.0	\$ 148.01
Commercial-DIUC	100	1.40	140.0	\$ 207.22
Commercial-MUC/BP	168	1.40	235.2	\$ 207.22
Multi-Family-MUC/BP	176	1.40	246.4	\$ 207.22
Availability Billing-DIUC	1,820	0.645	1,173.9	\$ 95.47
Availability Billing-MUC/BP	1,528	0.645	985.6	\$ 95.47
	5,312		4,301.1	
			\$ 636,446.15	
			\$ 148.01	
Usage Rates	TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC	15,606.0	1.00	15,606.0	\$ 1.84
Residential-MUC/BP	9,671.0	1.00	9,671.0	\$ 1.84
Commercial-DIUC	3,553.0	1.00	3,553.0	\$ 1.84
Commercial-MUC/BP	3,519.0	1.00	3,519.0	\$ 1.84
Multi-Family-MUC/BP	698.0	1.00	698.0	\$ 1.84
0 to 18,000 gals (quarterly)	-		0.0	
18,001 to 60,000 gals	-		0.0	
Over 60,000 gals	-		0.0	
	33,047.0		33,047.0	
			\$ 60,938.74	
			\$ 1.84	

**Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems**

**Work Papers
Supporting
Rate Study Schedules**

GUASTELLA ASSOCIATES LLC

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Typical Residential Water Bill Comparison - Haig Point

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over Allowance	Usage Charge \$2.00	Base Charge \$45.00	Quarterly Bill		Base Gals. Over Allowance	Usage Charge \$3.14	Base Charge \$106.05	Quarterly Bill	Percent Increase
0	0	\$0.00	\$45.00	\$45.00	0	\$0.00	\$106.05	\$106.05	135.67%
2,500	2,500	\$5.00	\$45.00	\$50.00	2,500	\$7.85	\$106.05	\$113.90	127.80%
5,000	5,000	\$10.00	\$45.00	\$55.00	5,000	\$15.70	\$106.05	\$121.75	121.36%
7,500	7,500	\$15.00	\$45.00	\$60.00	7,500	\$23.55	\$106.05	\$129.60	116.00%
10,000	10,000	\$20.00	\$45.00	\$65.00	10,000	\$31.40	\$106.05	\$137.45	111.46%
12,500	12,500	\$25.00	\$45.00	\$70.00	12,500	\$39.25	\$106.05	\$145.30	107.57%
15,000	15,000	\$30.00	\$45.00	\$75.00	15,000	\$47.10	\$106.05	\$153.15	104.20%
17,000	17,000	\$34.00	\$45.00	\$79.00	17,000	\$53.38	\$106.05	\$159.43	101.81%
18,250 *	18,250	\$36.50	\$45.00	\$81.50	18,250	\$57.31	\$106.05	\$163.36	100.44%
20,000	20,000	\$40.00	\$45.00	\$85.00	20,000	\$62.80	\$106.05	\$168.85	98.65%
22,500	22,500	\$45.00	\$45.00	\$90.00	22,500	\$70.65	\$106.05	\$176.70	96.33%
25,000	25,000	\$50.00	\$45.00	\$95.00	25,000	\$78.50	\$106.05	\$184.55	94.26%
30,000	30,000	\$60.00	\$45.00	\$105.00	30,000	\$94.20	\$106.05	\$200.25	90.71%
35,000	35,000	\$70.00	\$45.00	\$115.00	35,000	\$109.90	\$106.05	\$215.95	87.78%
40,000	40,000	\$80.00	\$45.00	\$125.00	40,000	\$125.60	\$106.05	\$231.65	85.32%
45,000	45,000	\$90.00	\$45.00	\$135.00	45,000	\$141.30	\$106.05	\$247.35	83.22%
50,000	50,000	\$100.00	\$45.00	\$145.00	50,000	\$157.00	\$106.05	\$263.05	81.41%
Note(*): Typical residential bill at 200 gpd of water usage.					18,250				
			Annual Water Bill	\$326.00				\$653.42	100.44%

Typical Residential Sewer Bill Comparison - Haig Point

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over Allowance	Usage Charge \$0.96	Base Charge \$80.00	Quarterly Bill		Base Gals. Over Allowance	Usage Charge \$1.84	Base Charge \$148.01	Quarterly Bill	Percent Increase
0	0	\$0.00	\$80.00	\$80.00	0	\$0.00	\$148.01	\$148.01	85.01%
2,500	2,500	\$2.40	\$80.00	\$82.40	2,500	\$4.60	\$148.01	\$152.61	85.21%
5,000	5,000	\$4.80	\$80.00	\$84.80	5,000	\$9.20	\$148.01	\$157.21	85.39%
7,500	7,500	\$7.20	\$80.00	\$87.20	7,500	\$13.80	\$148.01	\$161.81	85.56%
10,000	10,000	\$9.60	\$80.00	\$89.60	10,000	\$18.40	\$148.01	\$166.41	85.73%
12,500	12,500	\$12.00	\$80.00	\$92.00	12,500	\$23.00	\$148.01	\$171.01	85.88%
15,000	15,000	\$14.40	\$80.00	\$94.40	15,000	\$27.60	\$148.01	\$175.61	86.03%
17,000	17,000	\$16.32	\$80.00	\$96.32	17,000	\$31.28	\$148.01	\$179.29	86.14%
18,250 *	18,250	\$17.52	\$80.00	\$97.52	18,250	\$33.58	\$148.01	\$181.59	86.21%
20,000	20,000	\$19.20	\$80.00	\$99.20	20,000	\$36.80	\$148.01	\$184.81	86.30%
22,500	22,500	\$21.60	\$80.00	\$101.60	22,500	\$41.40	\$148.01	\$189.41	86.43%
25,000	25,000	\$24.00	\$80.00	\$104.00	25,000	\$46.00	\$148.01	\$194.01	86.55%
30,000	30,000	\$28.80	\$80.00	\$108.80	30,000	\$55.20	\$148.01	\$203.21	86.77%
35,000	35,000	\$33.60	\$80.00	\$113.60	35,000	\$64.40	\$148.01	\$212.41	86.98%
40,000	40,000	\$38.40	\$80.00	\$118.40	40,000	\$73.60	\$148.01	\$221.61	87.17%
45,000	45,000	\$43.20	\$80.00	\$123.20	45,000	\$82.80	\$148.01	\$230.81	87.35%
50,000	50,000	\$48.00	\$80.00	\$128.00	50,000	\$92.00	\$148.01	\$240.01	87.51%
Note(*): Typical residential bill at 200 gpd of water usage.									
			Annual Sewer Bill	\$390.08				\$726.36	86.21%
			Total Annual Bill	\$716.08				\$1,379.78	92.69%

Daufuskie Island Utility Company, Inc.
Haig Point / Melrose Water and Wastewater Systems

Typical Residential Water Bill Comparison - Melrose

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over Allowance	Usage Charge \$1.77	Base Charge \$58.50	Quarterly Bill		Base Gals. Over Allowance	Usage Charge \$3.14	Base Charge \$106.05	Quarterly Bill	Percent Increase
0	0	\$0.00	\$58.50	\$58.50	0	\$0.00	\$106.05	\$106.05	81.28%
2,500	2,500	\$4.43	\$58.50	\$62.93	2,500	\$7.85	\$106.05	\$113.90	81.01%
5,000	5,000	\$8.85	\$58.50	\$67.35	5,000	\$15.70	\$106.05	\$121.75	80.77%
7,500	7,500	\$13.28	\$58.50	\$71.78	7,500	\$23.55	\$106.05	\$129.60	80.56%
10,000	10,000	\$17.70	\$58.50	\$76.20	10,000	\$31.40	\$106.05	\$137.45	80.38%
12,500	12,500	\$22.13	\$58.50	\$80.63	12,500	\$39.25	\$106.05	\$145.30	80.22%
15,000	15,000	\$26.55	\$58.50	\$85.05	15,000	\$47.10	\$106.05	\$153.15	80.07%
17,000	17,000	\$30.09	\$58.50	\$88.59	17,000	\$53.38	\$106.05	\$159.43	79.96%
18,250 *	18,250	\$32.30	\$58.50	\$90.80	18,250	\$57.31	\$106.05	\$163.36	79.90%
20,000	20,000	\$35.40	\$58.50	\$93.90	20,000	\$62.80	\$106.05	\$168.85	79.82%
22,500	22,500	\$39.83	\$58.50	\$98.33	22,500	\$70.65	\$106.05	\$176.70	79.71%
25,000	25,000	\$44.25	\$58.50	\$102.75	25,000	\$78.50	\$106.05	\$184.55	79.61%
30,000	30,000	\$53.10	\$58.50	\$111.60	30,000	\$94.20	\$106.05	\$200.25	79.44%
35,000	35,000	\$61.95	\$58.50	\$120.45	35,000	\$109.90	\$106.05	\$215.95	79.29%
40,000	40,000	\$70.80	\$58.50	\$129.30	40,000	\$125.60	\$106.05	\$231.65	79.16%
45,000	45,000	\$79.65	\$58.50	\$138.15	45,000	\$141.30	\$106.05	\$247.35	79.04%
50,000	50,000	\$88.50	\$58.50	\$147.00	50,000	\$157.00	\$106.05	\$263.05	78.95%
Note(*): Typical residential bill at 200 gpd of water usage.					18,250				
Annual Water Bill				\$363.21				\$653.42	79.90%

Typical Residential Sewer Bill Comparison - Melrose

PRESENT RATES					PROPOSED NO USAGE ALLOWANCE RATES				
Base Gals. Over Allowance	Usage Charge \$1.41	Base Charge \$58.50	Quarterly Bill		Base Gals. Over Allowance	Usage Charge \$1.84	Base Charge \$148.01	Quarterly Bill	Percent Increase
0	0	\$0.00	\$58.50	\$58.50	0	\$0.00	\$148.01	\$148.01	153.01%
2,500	2,500	\$3.53	\$58.50	\$62.03	2,500	\$4.60	\$148.01	\$152.61	146.05%
5,000	5,000	\$7.05	\$58.50	\$65.55	5,000	\$9.20	\$148.01	\$157.21	139.83%
7,500	7,500	\$10.58	\$58.50	\$69.08	7,500	\$13.80	\$148.01	\$161.81	134.25%
10,000	10,000	\$14.10	\$58.50	\$72.60	10,000	\$18.40	\$148.01	\$166.41	129.21%
12,500	12,500	\$17.63	\$58.50	\$76.13	12,500	\$23.00	\$148.01	\$171.01	124.64%
15,000	15,000	\$21.15	\$58.50	\$79.65	15,000	\$27.60	\$148.01	\$175.61	120.48%
17,000	17,000	\$23.97	\$58.50	\$82.47	17,000	\$31.28	\$148.01	\$179.29	117.40%
18,250 *	18,250	\$25.73	\$58.50	\$84.23	18,250	\$33.58	\$148.01	\$181.59	115.58%
20,000	20,000	\$28.20	\$58.50	\$86.70	20,000	\$36.80	\$148.01	\$184.81	113.16%
22,500	22,500	\$31.73	\$58.50	\$90.23	22,500	\$41.40	\$148.01	\$189.41	109.93%
25,000	25,000	\$35.25	\$58.50	\$93.75	25,000	\$46.00	\$148.01	\$194.01	106.94%
30,000	30,000	\$42.30	\$58.50	\$100.80	30,000	\$55.20	\$148.01	\$203.21	101.60%
35,000	35,000	\$49.35	\$58.50	\$107.85	35,000	\$64.40	\$148.01	\$212.41	96.95%
40,000	40,000	\$56.40	\$58.50	\$114.90	40,000	\$73.60	\$148.01	\$221.61	92.87%
45,000	45,000	\$63.45	\$58.50	\$121.95	45,000	\$82.80	\$148.01	\$230.81	89.27%
50,000	50,000	\$70.50	\$58.50	\$129.00	50,000	\$92.00	\$148.01	\$240.01	86.05%
Note(*): Typical residential bill at 200 gpd of water usage.									
Annual Sewer Bill				\$336.93				\$726.36	115.58%
Total Annual Bill				\$700.14				\$1,379.78	97.07%

Daufuskie Island Utility Company, Inc.
Water Plant in Service

	Year Installed	Haig Point System				Melrose System			
		Original Cost	7/1 - 12/31/10 Deprec.	Acc. Deprec. 12/31/2010	1/1 - 6/30/11 Deprec.	Original Cost	7/1 - 12/31/10 Deprec.	Acc. Deprec. 12/31/2010	1/1 - 6/30/11 Deprec.
Organization Costs	2003					20,593	-	-	-
Land		159,384	-	-	-	-	-	-	-
Water Mains	1986	83,220	383.65	10,628	383.65	-	-	-	-
	1987	480,308	2,214.22	61,338	2,214.22	-	-	-	-
	1988	119,069	548.91	15,044	548.90	-	-	-	-
	1989	75,197	346.66	9,367	346.65	-	-	-	-
	1990	125,629	579.15	15,389	579.14	-	-	-	-
	1991	53,729	247.69	6,455	247.69	-	-	-	-
	1994	50,624	233.38	5,612	233.38	7,734	23.07	406	23.07
	1996	77,957	359.39	8,013	359.39	-	-	-	-
	1999	-	-	-	-	632	1.89	30	1.89
	2000	312,122	1,438.88	25,619	1,438.88	-	-	-	-
	2002	-	-	-	-	18,743	55.91	750	55.91
	2005	-	-	-	-	72,947	217.60	2,117	217.60
Retirement	2006	(16,112)	(74.28)	(637)	(74.28)	-	-	-	-
Retirement - Meters	2007	(3,554)	(16.39)	(111)	(16.38)	-	-	-	-
	2008	45,430	209.43	1,028	209.43	-	-	-	-
Meters	2008	6,662	30.72	151	30.71	-	-	-	-
Meters	2010	1,008	4.64	5	4.64	-	-	-	-
		1,411,289	6,506.04	157,899 (16,112) 138,233	6,506.02	100,056	298.47	3,303	298.47
Retirement	2006								
Retirement	2007			(3,554)					
Wells, Supply Main & Appert	1987	353,360	1,628.99	45,126	1,628.99	-	-	-	-
	2000	-	-	-	-	1,800	5.37	81	5.37
	2007	439,705	2,027.04	13,725	2,027.04	-	-	-	-
		793,065	3,656.03	58,851	3,656.03	1,800	5.37	81	5.37
Reservoirs & Standpipes	2004	-	-	-	-	6,000	17.90	199	17.90
	2007	863,379	3,980.18	26,950	3,980.18	-	-	-	-
		863,379	3,980.18	26,950	3,980.18	6,000	17.90	199	17.90
Water Treatment Plant	1994	-	-	-	-	210,987	629.38	11,073	629.37
	1996	-	-	-	-	10,086	30.09	518	30.09
	1997	-	-	-	-	13,130	39.17	661	39.17
	1999	-	-	-	-	15,929	47.52	753	47.51
	2000	-	-	-	-	4,816	14.37	218	14.37
	2004	-	-	-	-	2,778	8.29	92	8.29
	2006	-	-	-	-	4,339	12.95	107	12.94
	2007	-	-	-	-	36,912	110.11	727	110.11
	2008	15,525	71.57	351	71.57	-	-	-	-
	2009	1,821	8.40	25	8.39	-	-	-	-
		17,346	79.97	376	79.96	298,977	891.85	14,149	891.85
Transmission & Distrib.Plant	2000	-	-	-	-	10,850	32.37	491	32.37
	2005	-	-	-	-	12,717	37.94	369	37.93
	2007	81,907	377.59	2,557	377.59	-	-	-	-
	2008	23,506	108.37	532	108.36	-	-	-	-
	2009	6,198	28.58	85	28.58	-	-	-	-
		111,612	514.53	3,174	514.53	23,567	70.30	860	70.30
General Plant - Structures	1994	-	-	-	-	9,553	28.50	501	28.50
	2004	-	-	-	-	13,219	39.43	437	39.43
		-	-	-	-	22,772	67.93	939	67.93
General Plant - Equipment	1999	-	-	-	-	4,203	62.68	993	62.68
	2007	12,964	298.82	2,023	298.82	-	-	-	-
	2008	3,196	73.68	362	73.67	-	-	-	-
	2010	900	20.75	21	20.75	-	-	-	-
	2011	1,375	-	-	15.85	-	-	-	-
		18,435	393.25	2,406	409.09	4,203	62.68	993	62.68
Total UPIS - Water		\$3,374,510	\$15,129.98	\$229,989	\$15,145.81	\$477,967	\$1,414.49	\$20,523	\$1,414.50

Daufuskie Island Utility Company, Inc.
Sewer Plant in Service

	Year Installed	Haig Point System				Melrose System			
		Original Cost	7/1 - 12/31/10 Deprec.	Acc. Deprec. 12/31/2010	1/1 - 6/30/11 Deprec.	Original Cost	7/1 - 12/31/10 Deprec.	Acc. Deprec. 12/31/2010	1/1 - 6/30/11 Deprec.
Organization Costs	2003					20,593	-	-	-
Land		309,117	-	-	-	-	-	-	-
Sewer Mains	1987	767,417	3,064.30	79,925	3,064.31	-	-	-	-
	1988	14,882	58.63	1,516	58.62	-	-	-	-
	1989	142,173	567.70	14,503	567.71	-	-	-	-
	1990	90,386	360.91	9,082	360.92	-	-	-	-
	1991	69,783	278.65	6,888	278.64	-	-	-	-
	1994	117,511	469.22	10,758	469.22	-	-	-	-
	1996	139,879	558.54	11,914	558.54	-	-	-	-
	2000	705,985	2,819.00	48,412	2,819.00	33,500	96.35	1,454	96.35
	2005	-	-	-	-	28,962	83.30	807	83.29
	2008	8,000	31.95	156	31.94	-	-	-	-
		<u>2,055,817</u>	<u>8,208.88</u>	<u>183,154</u>	<u>8,208.90</u>	<u>62,462</u>	<u>179.64</u>	<u>2,261</u>	<u>179.64</u>
WW Treatment Plant	1987	478,429	2,984.95	77,855	2,984.95	318,952	1,433.29	25,258	1,433.29
	1994	-	-	-	-	113,609	510.53	8,997	510.53
	1996	-	-	-	-	5,432	24.41	420	24.41
	1997	-	-	-	-	7,070	31.77	535	31.77
	1999	-	-	-	-	1,024	4.60	73	4.60
	2000	-	-	-	-	12,030	54.06	816	54.06
	2002	-	-	-	-	3,600	16.18	216	16.18
	2003	35,100	218.99	2,908	219.00	23,400	105.16	1,289	105.15
	2004	-	-	-	-	1,496	6.73	74	6.72
	2006	-	-	-	-	2,336	10.50	86	10.50
	2007	-	-	-	-	19,875	89.32	587	89.31
	2008	1,085	6.77	33	6.77	-	-	-	-
		<u>514,614</u>	<u>3,210.71</u>	<u>80,796</u>	<u>3,210.72</u>	<u>508,824</u>	<u>2,286.53</u>	<u>38,350</u>	<u>2,286.52</u>
Outfall Main	1987	66,704	266.35	6,947	266.35	-	-	-	-
		<u>66,704</u>	<u>266.35</u>	<u>6,947</u>	<u>266.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pumping Equipment	1994	-	-	-	-	6,703	30.12	531	30.12
	1995	-	-	-	-	9,361	42.07	735	42.07
	2000	-	-	-	-	2,393	10.76	162	10.75
	2002	-	-	-	-	10,741	48.27	644	48.26
	2008	33,742	210.52	1,027	210.52	-	-	-	-
	2009	1,138	7.10	21	7.10	-	-	-	-
	2011	2,800	-	-	8.73	-	-	-	-
		<u>37,680</u>	<u>217.62</u>	<u>1,049</u>	<u>226.35</u>	<u>29,198</u>	<u>131.21</u>	<u>2,072</u>	<u>131.20</u>
General Plant - Structures	1994	-	-	-	-	9,553	27.48	484	27.48
	2004	-	-	-	-	13,219	38.02	420	38.02
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,772</u>	<u>65.50</u>	<u>904</u>	<u>65.50</u>
General Plant - Equipment	1999	-	-	-	-	4,203	60.43	954	60.43
	2007	-	-	-	-	-	-	-	-
	2008	7,317	146.08	713	146.08	-	-	-	-
	2010	900	17.97	18	17.97	-	-	-	-
	2011	1,375	-	-	13.72	-	-	-	-
		<u>9,591</u>	<u>164.05</u>	<u>731</u>	<u>177.77</u>	<u>4,203</u>	<u>60.43</u>	<u>954</u>	<u>60.43</u>
Total UPIS - Sewer		\$2,993,523	\$12,067.60	\$272,676	\$12,090.09	\$648,051	\$2,723.30	\$44,541	\$2,723.29

Daufuskie Island Utility Company, Inc.
System Utilization Calculation

	Design System Build-Out		Test Year End		Pro Forma	
	Active Connections		Availability (all lots sold)		Active Connections	
	Customers	ERCs	Customers	ERCs	Customers	ERCs
Residential-Haig Pt./Cedar Cove	753	753.0	257	257.0	270	270.0
Commercial-Club	25	61.1	25	61.1	25	61.1
Commercial-Plant (water only)	1	20.6	1	20.6	1	20.6
Residential Irrigation (water only)	565	913.9	168	271.7	178	287.9
Commercial Irrigation (water only)	25	260.0	25	260.0	25	260.0
Water System-Haig Pt.	1,369	2,008.6	476	870.5	499	899.6
System Utilization Percentage				43.34%		44.79%
Sewer System-Haig Pt.	778	814.1	282	318.1	295	331.1
System Utilization Percentage				39.08%		40.67%

	Complete System Build-Out		Test Year End		Pro Forma	
	Active Connections		Availability (all lots sold)		Active Connections	
	Customers	ERCs	Customers	ERCs	Customers	ERCs
Residential-Melrose	365	365.0	81	81.0	86	86.0
Residential-Bloody Point	105	189.0	19	34.2	24	43.2
Commercial-Melrose	34	34.0	35	34.0	35	34.0
Multi Family-Melrose	22	15.4	30	15.4	22	15.4
Commercial-Bloody Point	5	7.5	7	7.5	7	7.5
Residential Irrigation (water only)	86	301.0	21	73.5	23	80.5
Commercial Irrigation (water only)	17	42.5	17	42.5	17	42.5
Water System-Melrose	634	954.4	210	288.1	214	309.1
System Utilization Percentage				30.19%		32.39%
Sewer System-Melrose	531	610.9	172	172.1	174	186.1
System Utilization Percentage				28.17%		30.46%
DIUC Total - Water System	2,003	2,963.0	686	1,158.6	713	1,208.7
DIUC Total - Sewer System	1,309	1,425.0	454	490.2	469	517.2

Availability (all lots sold)		Availability (all lots sold)		Availability (all lots sold)	
Customers	ERCs	Customers	ERCs	Customers	ERCs
279	279.0	81	145.8	-	-
-	-	-	-	-	-
360	645.3	360	424.8	843	1,754.3
843	907.8	843	907.8		

Daufuskie Island Utility Company, Inc.
Test Year Billing Summary

Work Paper 4:

HAIG POINT CUSTOMER BILLING

	Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
R8	Res	256	255.25	1,021.00	14,782.027	\$45.00	\$ 29,564.00	\$ 75,509.00	\$ 74,923.00	\$ (586.00)
C8	Comm	26	26.00	104.00	3,554.040	\$63.00	\$ 7,108.08	\$ 13,605.00	\$ 13,605.00	\$ -
IRR	IRR		-		6,165.175		\$ 12,330.35			
			-		10,643.275		\$ 23,840.94			
			-		16,854.151		\$ 42,809.54			
		168	154.25	617.00	33,662.601		\$ 78,980.83	\$ 78,980.83	\$ 76,765.74	\$ (2,215.09)
	Total-Water	450	435.50	1,742.00	51,998.668	\$ 52,497.00	\$ 115,652.91	\$ 168,094.83	\$ 165,293.74	\$ (2,801.09)

Sewer

	Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
S1	Res	256	255.75	1,023.00	14,782.027	\$80.00	\$ 14,190.75	\$ 96,030.75	\$ 96,045.44	\$ 14.69
C9	Comm	25	25.00	100.00	3,552.620	\$129.16	\$ 3,410.52	\$ 16,326.52	\$ 16,330.72	\$ 4.20
	Total-Sewer	281	280.75	1,123.00	18,334.647	\$ 94,756.00	\$ 17,601.26	\$ 112,357.26	\$ 112,376.16	\$ 18.90
	Water w/o IRR	282	281.25	1,125.00	18,336.067					

ADJUSTED HAIG POINT CUSTOMER BILLING-TEST YEAR

	Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
R8	Res	257	255.75	1,023.00	14,782.000	\$45.00	\$ 29,564.00	\$ 75,599.00	\$ 75,599.00	\$ -
C8	Comm	26	26.00	104.00	3,553.000	\$63.00	\$ 7,106.00	\$ 13,658.00	\$ 13,595.00	\$ (63.00)
IRR	IRR		92.50	370.00	3,792.200		\$ 7,584.40			
			54.25	217.00	13,537.807		\$ 30,324.67			
			47.00	188.00	16,332.644		\$ 41,484.80			
		195	193.75	775.00	33,662.651		\$ 79,393.88	\$ 79,393.88	\$ 78,172.02	\$ (1,221.86)
	Total-Water	478	475.50	1,902.00	51,997.651	\$ 52,587.00	\$ 116,063.88	\$ 168,650.88	\$ 167,366.02	\$ (1,284.86)

Sewer

	Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
S1	Res	257	255.75	1,023.00	14,782.000	\$80.00	\$ 14,190.72	\$ 96,030.72	\$ 96,030.72	\$ -
C8	Comm	25	25.00	100.00	3,553.000	\$129.16	\$ 3,410.88	\$ 16,326.88	\$ 16,326.88	\$ -
	Total-Sewer	282	280.75	1,123.00	18,335.000	\$ 94,756.00	\$ 17,601.60	\$ 112,357.60	\$ 112,357.60	\$ -
	Water w/o IRR	283	281.75	1,127.00	18,335.000					

Daufuskie Island Utility Company, Inc.
Test Year Billing Summary

MELROSE CUSTOMER BILLING										
Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff	
W1	Res-MUC	80	79.50	318.00	2,579,000 5,250,510	\$58.50 \$18,603.00	\$1.77 \$4,564.83	\$23,167.83 \$23,240.49	\$72.66	
W2	Comm-MUC	34	32.75	131.00	1,914,000 2,496,790	\$99.00 \$12,969.00	\$1.41 \$2,698.74	\$15,667.74 \$15,766.74	\$99.00	
W6	MultiUnit-MUC	30	30.00	120.00	629,000 951,500	\$99.00 \$11,880.00	\$1.41 \$886.89	\$12,766.89 \$12,766.89	\$-	
W3/W4	IRR-MUC	13	10.50	42.00	2,184,420		\$1.20 \$2,621.30	\$2,621.30 \$2,622.12	\$0.82	
	Total-Water	157	152.75	611.00	7,306,420 10,883,220	Billed Total	\$43,452.00	\$10,771.76 \$54,223.76	\$172.48	
Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff	
S1	Res-MUC	80	79.50	318.00	2,579,000 5,250,510	\$58.50 \$18,603.00	\$1.41 \$3,636.39	\$22,239.39 \$22,297.89	\$58.50	
S2	Comm-MUC	34	32.75	131.00	1,914,000 2,496,790	\$99.00 \$12,969.00	\$1.41 \$2,698.74	\$15,667.74 \$15,766.74	\$99.00	
S3	MultiUnit-MUC	30	30.00	120.00	611,000 951,500	\$99.00 \$11,880.00	\$1.41 \$861.51	\$12,741.51 \$12,741.51	\$-	
	Total-Sewer	144	142.25	569.00	5,104,000 8,698,800	Billed Total	\$43,452.00	\$7,196.64 \$50,648.64	\$157.50	
	Water w/o IRR	144	142.25	569.00	5,122,000 8,698,800	Billed Total				

ADJUSTED MELROSE CUSTOMER BILLING-TEST YEAR

	Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
W1	Res-MUC	81	79.75	319.00	2,587,000 5,250,510	\$ 58.50 \$ 18,661.50	\$ 1.77 \$ 4,578.99	\$ 23,240.49	\$ 23,240.49	\$ -
W2	Comm-MUC	35	33.00	132.00	1,914,000 2,496,790	\$ 99.00 \$ 13,068.00	\$ 1.41 \$ 2,698.74	\$ 15,766.74	\$ 15,766.74	\$ -
W6	MultiUnit-MUC	30	30.00	120.00	629,000 951,500	\$ 99.00 \$ 11,880.00	\$ 1.41 \$ 886.89	\$ 12,766.89	\$ 12,766.89	\$ -
W3/W4	IRR-MUC	24	24.00	96.00	2,184,420		\$ 1.20 \$ 2,621.30	\$ 2,621.30	\$ 2,621.30	\$ (0.00)
	Total-Water	170	166.75	667.00	7,314,420 10,883,220	Billed Total	\$ 43,609.50	\$ 10,785.92	\$ 54,395.42	\$ (0.00)
	Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
S1	Res-MUC	81	79.75	319.00	2,587,000 5,250,510	\$ 58.50 \$ 18,661.50	\$ 1.41 \$ 3,647.67	\$ 22,309.17	\$ 22,297.89	\$ (11.28)
S2	Comm-MUC	35	33.00	132.00	1,914,000 2,496,790	\$ 99.00 \$ 13,068.00	\$ 1.41 \$ 2,698.74	\$ 15,766.74	\$ 15,766.74	\$ -
S3	MultiUnit-MUC	30	30.00	120.00	629,000 951,500	\$ 99.00 \$ 11,880.00	\$ 1.41 \$ 886.89	\$ 12,766.89	\$ 12,741.51	\$ (25.38)
	Total-Sewer	146	142.75	571.00	5,130,000 8,698,800	Billed Total	\$ 43,609.50	\$ 7,233.30	\$ 50,842.80	\$ (36.66)
	Water w/o IRR	146	142.75	571.00	5,130,000 8,698,800	Billed Total				

Daufuskie Island Utility Company, Inc.
Test Year Billing Summary

Work Paper 4.3

BLOODY POINT CUSTOMER BILLING

	Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
W1	Res-BP	19	19.00	76.00	2,209,000 3,174,000	\$ 4,446.00	\$ 3,909.93	\$ 8,355.93	\$ 8,355.93	\$ -
W2	Comm-BP	6	5.75	23.00	673,100 754,200	\$ 2,277.00	\$ 949.07	\$ 3,226.07	\$ 3,260.07	\$ 34.00
W3/W4	IRR-BP	8	7.00	28.00	3,292,260		\$ 1.20	\$ 3,950.71	\$ 3,926.40	\$ (24.31)
	Total-Water	33	31.75	127.00	6,174,360 7,220,460	\$ 6,723.00	\$ 8,809.71	\$ 15,532.71	\$ 15,542.40	\$ 9.69
	Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
S1	Res-BP	18	18.00	72.00	2,374,957 3,160,300	\$ 4,212.00	\$ 3,348.69	\$ 7,560.69	\$ 7,326.69	\$ (234.00)
S2	Comm-BP	6	5.75	23.00	606,000 754,200	\$ 2,277.00	\$ 854.46	\$ 3,131.46	\$ 3,230.46	\$ 99.00
	Total-Sewer	24	23.75	95.00	2,980,957 3,914,500	\$ 6,489.00	\$ 4,203.15	\$ 10,692.15	\$ 10,557.15	\$ (135.00)
	Water w/o IRR	25	24.75	99.00	2,882,100 3,928,200					

ADJUSTED BLOODY POINT CUSTOMER BILLING-TEST YEAR

	Water	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
W1	Res-BP	19	19.00	76.00	2,209,000 3,174,000	\$ 4,446.00	\$ 3,909.93	\$ 8,355.93	\$ 8,355.93	\$ -
W2	Comm-BP	6	6.00	24.00	673,100 746,200	\$ 2,376.00	\$ 949.07	\$ 3,325.07	\$ 2,928.93	\$ (396.14)
W3/W4	IRR-BP	14	14.00	56.00	3,424,400		\$ 1.20	\$ 4,109.28	\$ 4,109.28	\$ -
	Total-Water	39	39.00	156.00	6,306,500 7,344,600	\$ 6,822.00	\$ 8,968.28	\$ 15,790.28	\$ 15,394.14	\$ (396.14)
	Sewer	Count Customers	Billed Customers	Bills	Usage (TG)	Base Revenue	Usage Revenue	Total Revenue	Billed Revenue	Diff
S1	Res-BP	19	19.00	76.00	2,209,000 3,174,000	\$ 4,446.00	\$ 3,114.69	\$ 7,560.69	\$ 7,560.75	\$ 0.06
S2	Comm-BP	6	6.00	24.00	673,100 746,200	\$ 2,376.00	\$ 949.07	\$ 3,325.07	\$ 3,230.46	\$ (94.61)
	Total-Sewer	25	25.00	100.00	2,882,100 3,920,200	\$ 6,822.00	\$ 4,063.76	\$ 10,885.76	\$ 10,791.21	\$ (94.55)
	Water w/o IRR	25	25.00	100.00	2,882,100 3,928,200					

Daufuskie Island Utility Company, Inc.
Pro Forma Metered Customer Billing Projections

		TEST YEAR				PRO FORMA			
	Water	Year-End	Actual #	Usage (tg)		Year-End	Annualized	Usage (tg)	
		Connections	Bills	Total	Avg/Bill	Connections	Bills	Total	Avg/Bill
R8	Res	257	1,023	14,782.0	14.450	270	1,080	15,605.6	14.450
C8	Comm	25	104	3,553.0	34.163	25	100	3,416.3	34.163
IRR	IRR	194	775			204	816		
	Tier 1			3,792.2	4.257			3,992.8	4.257
	Tier 2			13,537.8	31.758			14,254.0	31.758
	Tier 3			16,332.6	138.014			17,196.7	138.014
W1	Res-MUC	81	319	5,250.5	16.459	86	344	5,662.0	16.459
W2	Comm-MUC	35	132	2,496.8	18.915	35	140	2,648.1	18.915
W6	MultiUnit-MUC	30	120	951.5	7.929	22	88	697.8	7.929
W3/W4	IRR-MUC	24	96			26	104		
	Tier 1			215.5	2.222			233.5	2.222
	Tier 2			878.7	19.451			951.9	19.451
	Tier 3			1,090.2	64.876			1,181.0	64.876
W1	Res-BP	19	76	3,174.0	41.763	24	96	4,009.3	41.763
W2	Comm-BP	7	24	746.2	31.092	7	28	870.6	31.092
W3/W4	IRR-BP	14	56			16	64		
	Tier 1			338.3	5.935			386.6	5.935
	Tier 2			1,365.7	51.457			1,560.8	51.457
	Tier 3			1,720.5	174.347			1,966.2	174.347
		686	2,725	70,225.5		715	2,860	74,633.2	

		TEST YEAR				PRO FORMA			
	Sewer	Year-End	Actual #	Usage (tg)		Year-End	Annualized	Usage (tg)	
		Connections	Bills	Total	Avg/Bill	Connections	Bills	Total	Avg/Bill
S1	Res	257	1,023	14,782.0	14.450	270	1,080	15,605.6	14.450
C8	Comm	25	100	3,553.0	35.530	25	100	3,553.0	35.530
S1	Res-MUC	81	319	5,250.5	16.459	86	344	5,662.0	16.459
S2	Comm-MUC	35	132	2,496.8	18.915	35	140	2,648.1	18.915
S3	MultiUnit-MUC	30	120	951.5	7.929	22	88	697.8	7.929
S1	Res-BP	19	76	3,174.0	41.763	24	96	4,009.3	41.763
S2	Comm-BP	7	24	746.2	31.092	7	28	870.6	31.092
		454	1,794	30,954.0		469	1,876	33,046.3	

Daufuskie Island Utility Company, Inc.
Pro Forma Availability Customer Billing Projections

		TEST YEAR			
		Year-End Customers	Bills	Quarterly Rate	Revenue
DIUC	Water	468.0	1,850.0	\$ 22.50	\$ 41,624.82
	Sewer	468.0	1,850.0	\$ 40.00	\$ 73,999.68
				<u>\$ 62.50</u>	<u>\$ 115,624.50</u>
MUC	Water	301.0	1,195.9	\$ 58.50	\$ 69,962.56
	Sewer	301.0	1,195.9	\$ 58.50	\$ 69,962.56
				<u>\$ 117.00</u>	<u>\$ 135,638.64</u>
BP	Water	91.0	367.0	\$ 58.50	\$ 21,469.50
	Sewer	91.0	367.0	\$ 58.50	\$ 21,469.50
				<u>\$ 117.00</u>	<u>\$ 42,120.00</u>

Pro Forma Growth - Metered Customer:

DIUC	13
MUC	5
BP	5

		PRO FORMA (PRESENT RATES)			
		Year-End Customers	Bills	Quarterly Rate	Revenue
DIUC	Water	455.0	1,820.0	\$ 22.50	\$ 40,950.00
	Sewer	455.0	1,820.0	\$ 40.00	\$ 72,800.00
				<u>\$ 62.50</u>	<u>\$ 113,750.00</u>
MUC	Water	296.0	1,184.0	\$ 58.50	\$ 69,264.00
	Sewer	296.0	1,184.0	\$ 58.50	\$ 69,264.00
				<u>\$ 117.00</u>	<u>\$ 138,528.00</u>
BP	Water	86.0	344.0	\$ 58.50	\$ 20,124.00
	Sewer	86.0	344.0	\$ 58.50	\$ 20,124.00
				<u>\$ 117.00</u>	<u>\$ 40,248.00</u>

Daufuskie Island Utility Company, Inc.

Statement of Proposed Rates

		Haig Pt. Present Rates	Melrose Present Rates	DIUC Proposed Rates
I. Residential Rates				
A. Water:				
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$45.00	\$58.50	\$106.05
3)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.00	\$0.00	\$3.14
	Over 22,500 gallons	\$2.00	\$1.77	\$3.14
B. Sewer:				
1)	Tapping Fees & Service Lateral	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$80.00	\$58.50	\$148.01
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$0.96	\$0.00	\$1.84
	Over 22,500 gallons	\$0.96	\$1.41	\$1.84
C. Irrigation:				
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.00	\$1.20	\$3.46
	18,001 to 60,000 gallons	\$2.24	\$1.20	\$4.08
	Over 60,000 gallons	\$2.54	\$1.20	\$4.71
II. Commercial Rates				
A. Water:				
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees up to 1-1/2" Meter	\$500.00	\$500.00	\$500.00
3)	Tapping Fees 2" or 3" Meter	\$1,500.00	\$1,500.00	\$1,500.00
4)	Tapping Fees for 6" Meter	\$3,500.00	\$3,500.00	\$3,500.00
	Note: Larger meters on a case by case basis.			
5)	Base Quarterly Charge	\$63.00	\$99.00	\$148.48
6)	Consumption Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$2.00	\$0.00	\$3.14
	Over 22,500 gallons	\$2.00	\$1.41	\$3.14
B. Sewer:				
1)	Tapping Fees per Hotel or Inn Room	\$250.00	\$250.00	\$250.00
2)	Tapping Fees 4" - 8" Sewer Pipe	\$500.00	\$500.00	\$500.00
2)	Base Quarterly Charge	\$129.16	\$99.00	\$207.22
3)	Volumetric Charge (per 1,000 gallons)			
	0 to 22,500 gallons per quarter	\$0.96	\$0.00	\$1.84
	Over 22,500 gallons	\$0.96	\$1.41	\$1.84
C. Irrigation:				
1)	Tapping Fees & 3/4" Meter Box	\$500.00	\$500.00	\$500.00
2)	Consumption Charge (per 1,000 gallons)			
	0 to 18,000 gallons per quarter	\$2.00	\$1.20	\$3.46
	18,001 to 60,000 gallons	\$2.24	\$1.20	\$4.08
	Over 60,000 gallons	\$2.54	\$1.20	\$4.71
III. Special Conditions				
A. Tapping Fees:				
	Remain as in original tariff.			
B. Backflow Prevention:				
	Remain as in original tariff.			
C. System Development Charge:				
	Remain as in original tariff.			

Daufuskie Island Utility Company, Inc.
Payroll Service Summary - Test Year

	July-Sep TE-Qtr 1	Oct-Dec TE-Qtr 2	Jan-Mar TE-Qtr 3	Apr-June TE-Qtr 4	Annual
ADP Per Book Expenses:					
Salaries	23,720.36	23,271.80	22,912.15	26,731.57	96,635.88
Payroll Taxes	11,594.73	11,422.28	11,490.26	12,480.92	46,988.19
	<u>35,315.09</u>	<u>34,694.08</u>	<u>34,402.41</u>	<u>39,212.49</u>	<u>143,624.07</u>
ADP Quarterly Deposit & Filing Reports:					
Wages & Compensation	23,720.36	23,271.79	22,912.16	26,731.57	96,635.88
Employee Taxes	9,031.45	8,930.70	8,530.38	9,562.30	36,054.83
Employer Taxes	2,553.28	2,491.52	2,959.82	2,918.62	10,923.24
	<u>35,305.09</u>	<u>34,694.01</u>	<u>34,402.36</u>	<u>39,212.49</u>	<u>143,613.95</u>
Difference	(10.00)	(0.07)	(0.05)	-	(10.12)
Payroll Detail:					
Taxable Compensation	32,876.61	32,327.29	31,567.37	36,418.67	133,189.94
Grp Term Life Ins	<u>(124.80)</u>	<u>(124.80)</u>	<u>(124.83)</u>	<u>(124.80)</u>	<u>(499.23)</u>
Wages	32,751.81	32,202.49	31,442.54	36,293.87	132,690.71
Employee FIT	(4,640.54)	(4,611.63)	(4,948.19)	(5,435.37)	(19,635.73)
Employee SIT	(1,875.85)	(1,846.03)	(1,798.63)	(2,069.29)	(7,589.80)
Employee FICA	<u>(2,515.06)</u>	<u>(2,473.04)</u>	<u>(1,783.56)</u>	<u>(2,057.64)</u>	<u>(8,829.30)</u>
Net Pay	23,720.36	23,271.79	22,912.16	26,731.57	96,635.88
Employer FICA	2,515.06	2,473.04	2,414.91	2,786.04	10,189.05
Employer SUI	23.66	11.44	375.31	88.66	499.07
Employer FUTA	14.56	7.04	169.60	43.92	235.12
Employer Taxes	<u>2,553.28</u>	<u>2,491.52</u>	<u>2,959.82</u>	<u>2,918.62</u>	<u>10,923.24</u>
Wages & Compensation	23,720.36	23,271.79	22,912.16	26,731.57	96,635.88
Employee Taxes	9,031.45	8,930.70	8,530.38	9,562.30	36,054.83
Payroll	<u>32,751.81</u>	<u>32,202.49</u>	<u>31,442.54</u>	<u>36,293.87</u>	<u>132,690.71</u>
Employer Taxes	2,553.28	2,491.52	2,959.82	2,918.62	10,923.24
Total	<u>68,056.90</u>	<u>66,896.50</u>	<u>65,844.90</u>	<u>75,506.36</u>	<u>143,613.95</u>

Daufuskie Island Utility Company, Inc.
Payroll Detail-July 1, 2010 thru June 30, 2011

	July-Sep TE-Qtr 1 4	Oct-Dec TE-Qtr 2 4	Jan-Mar TE-Qtr 3 4	Apr-June TE-Qtr 4 5	Totals
Employees					
Full Time Wages	29,276.61	29,167.29	31,367.37	30,928.57	120,739.84
Part -Time Wages	3,600.00	3,160.00	200.00	5,490.00	12,450.00
Taxable Compensation	32,876.61	32,327.29	31,567.37	36,418.57	133,189.84
Grp Term Life Ins	124.80	124.80	124.83	124.70	499.13
Gross Wages	32,751.81	32,202.49	31,442.54	36,293.87	132,690.71
Employee Taxes					
SS	2,038.35	2,004.29	1,325.83	1,529.57	6,898.04
Med	476.71	468.75	457.73	528.07	1,931.26
SIT	1,875.85	1,846.03	1,798.63	2,069.29	7,589.80
FIT	4,640.54	4,611.63	4,948.19	5,435.37	19,635.73
	<u>9,031.45</u>	<u>8,930.70</u>	<u>8,530.38</u>	<u>9,562.30</u>	<u>36,054.83</u>
Net Wages	23,720.36	23,271.79	22,912.16	26,731.57	96,635.88
FUTA Wages	1,820.00	880.00	21,200.00	5,490.00	29,390.00
SUI Wages	1,820.00	880.00	28,870.00	6,820.00	38,390.00
Excess FUTA Wages	30,931.81	31,322.49	10,242.54	30,803.87	
Excess SUI Wages	30,931.81	31,322.49	2,572.54	29,473.87	
Employer					
FUTA	14.56	7.04	169.60	43.92	235.12
SUI	23.66	11.44	375.31	88.66	499.07
SS	2,038.35	2,004.29	1,957.18	2,257.96	8,257.78
Med	476.71	468.75	457.73	528.07	1,931.26
Payroll Taxes	2,553.28	2,491.52	2,959.82	2,918.61	10,923.23
Employer Bene					-
	<u>2,553.28</u>	<u>2,491.52</u>	<u>2,959.82</u>	<u>2,918.61</u>	<u>10,923.23</u>
Total Wage Paid	23,720.36	23,271.79	22,912.16	26,731.57	96,635.88
Total Tax Paid	11,584.73	11,422.22	11,490.20	12,480.91	46,978.06
					<u>143,613.94</u>
Benefit Reimbursements					<u>9,079.19</u>
Total Employment Expense					<u><u>152,693.13</u></u>

Daufuskie Island Utility Company, Inc.
Payroll Detail-Pro Forma

Work Paper 7.3

	July-Sep TE-Qtr 1 4	Oct-Dec TE-Qtr 2 4	Jan-Mar TE-Qtr 3 4	Apr-June TE-Qtr 4 5	Totals
Employees					
Test Year:					
Full Time Wages	29,276.61	29,167.29	31,367.37	30,928.57	120,739.84
Part -Time Wages	3,600.00	3,160.00	200.00	5,490.00	12,450.00
Pro Forma:					
Wage Increase	3.0%				
Full Time Wages	30,154.91	30,042.31	32,308.39	31,856.42	124,362.03
Part Time to Full Time	7,800.00	7,800.00	7,800.00	7,800.00	31,200.00
Taxable Compensation	37,954.91	37,842.31	40,108.39	39,656.42	155,562.03
Grp Term Life Ins	124.80	124.80	124.80	124.80	499.20
Gross Wages	37,830.11	37,717.51	39,983.59	39,531.62	155,062.83
Employee Taxes					
SS	2,353.20	2,346.22	2,486.72	2,458.70	9,644.85
Med	550.35	548.71	581.57	575.02	2,255.65
SIT	2,165.60	2,160.96	2,285.28	2,253.26	8,865.10
FIT	5,357.34	5,398.37	6,287.00	5,918.61	22,961.32
	10,426.50	10,454.27	11,640.56	11,205.59	43,726.92
Net Wages	27,403.61	27,263.24	28,343.03	28,326.03	111,335.91
FUTA Wages					28,000.00
SUI Wages					40,000.00
Employer P/R Taxes					
FUTA					224.00
SUI					520.00
SS					9,644.85
Med					2,255.65
Payroll Taxes					12,644.50
Employer Bene					-
					12,644.50
Total Wage Paid					111,335.91
Total Tax Paid					56,371.42
Benefit Reimbursements					167,707.33
					8,379.00
Total Employment Expense					176,086.33

**Daufuskie Island Utility Company, Inc.
Employee Expense Summary**

Test Year	Total	Water	Sewer
Gross Wages	132,690.71	66,345.36	66,345.35
Payroll Taxes	10,923.23	5,461.61	5,461.62
Benefits	<u>9,079.19</u>	<u>4,539.60</u>	<u>4,539.59</u>
	152,693.13	76,346.57	76,346.56
 Pro Forma	 Total	 Water	 Sewer
Gross Wages	155,062.83	77,531.42	77,531.41
Payroll Taxes	12,644.50	6,322.25	6,322.25
Benefits	<u>8,379.00</u>	<u>4,189.50</u>	<u>4,189.50</u>
	176,086.33	88,043.17	88,043.16

